UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3636 / July 29, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15393

In the Matter of

COMPREHENSIVE CAPITAL MANAGEMENT, INC.

Respondent.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTIONS 203(e) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against Comprehensive Capital Management, Inc. ("Respondent" or "CCM").

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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

[1] The findings herein are pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

These proceedings arise out of the fraudulent activities of Timothy J. Roth ("Roth") who misappropriated over $16 million from investment advisory accounts managed by Comprehensive Capital Management, Inc. From June 2003 until February 2011, while an associated person of CCM, Roth transferred mutual fund shares and cash from client accounts at a custodial broker-dealer to a nominee account he controlled in the name of KeyOp Exercise, Inc. ("KeyOp account"). The KeyOp account was held at CCM's clearing broker-dealer which served as the custodian of CCM's clients' assets (the "Custodial Broker-Dealer"). Roth began making unauthorized transfers from these client accounts in May 2004. Roth accomplished this by using falsified transfer authorization forms and by abusing the standing authority several clients gave him over their advisory accounts. Roth used the stolen shares and cash to fund several companies he owned or controlled and to trade securities on margin in the KeyOp account for his own benefit.

CCM failed reasonably to supervise Roth with a view to preventing his violations and committed violations of the Custody Rule and certain books and records provisions of the Advisers Act in connection with Roth's misconduct. From June 2003 through February 2011, CCM failed reasonably to supervise Roth through its failures to reasonably implement its policies governing custody, reviews of transactions, books and records, e-mail, and annual office audits. Further, CCM violated the Advisers Act's books and records provisions by failing to maintain certain required records such as advisory agreements, client lists, and e-mails. CCM also violated the Advisers Act's rules which require firms to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act.

Respondent

1. **Comprehensive Capital Management, Inc.** ("CCM") is a New Jersey corporation headquartered in Parsippany, New Jersey. CCM has been registered with the Commission as an investment adviser firm since 2004.

Other Relevant Persons and Entities

2. **Ronald S. Rollins**, age 62, is a resident of Plainfield, New Jersey. From September 2002 until he was demoted in January 2012, Rollins served as Chief Compliance Officer for CCM and a broker-dealer affiliated with CCM, and was Roth's direct supervisor at all relevant times. Rollins' employment was terminated in July 2012.

3. **Timothy J. Roth**, age 56, is a resident of Stonington, Illinois. Roth became an associated person of CCM in 2002 and a registered representative with a broker-dealer affiliated with CCM in 2005, with offices in Champaign County, Illinois. On February 28, 2011, immediately upon learning of certain of Roth's conduct, CCM terminated its relationship with Roth and reported his conduct to law enforcement authorities. On March 21, 2011, the Commission filed an emergency injunctive action against Roth, alleging that he stole millions from CCM advisory clients from October 2010 through February 2011. *See SEC v. Timothy J.*

Roth, et al., 11-cv-02079 (C.D. Ill.). In October 2011, the U.S. Attorney's Office for the Central District of Illinois charged Roth with one count each of mail fraud and money laundering in connection with the same conduct alleged by the Commission. On October 25, 2011, Roth pled guilty to one count each of mail fraud and money laundering in connection with the conduct described in this Order. On January 31, 2013, Roth was sentenced to 151 months in prison and ordered to pay $16,151,964 in restitution. *See U.S. v. Timothy J. Roth*, 11-cr-20048 (C.D. Ill.).

4. **KeyOp Exercise, Inc.** was an Illinois corporation headquartered in Champaign, Illinois. KeyOp Exercise's only purpose was to serve as the name on the KeyOp account at the Custodial Broker-Dealer. Roth used the KeyOp account as a pass-through account for distributions from deferred compensation plans that he advised. Roth controlled the company and its accounts at all times.

Background

5. From 2003 through February 2011, while associated with CCM, Roth advised individual clients and small business employers which offered non-qualified compensation plans to certain high-level employees through what were known as mutual fund option benefit plans ("Plans"). During that period, Roth misappropriated millions of dollars from several clients. These individuals and Plans were advisory clients of CCM. Cash and securities belonging to the individual and Plan clients were held in accounts at the Custodial Broker-Dealer in the clients' names. Roth advised the employer in selecting which mutual funds to offer. The mutual fund shares were then purchased by the employer and held in its account at the Custodial Broker-Dealer. Generally, when an employee wanted a distribution of funds from the Plan, the employer or a trustee overseeing the Plan would send to Roth's office a signed letter of authorization which granted Roth the authority to order a transfer of a specific number of mutual fund shares from the Plan account to the KeyOp account at the Custodial Broker-Dealer. Shortly after the shares had been transferred to the KeyOp account, Roth would place an order redeeming the shares and would send the proceeds to the employee or another party for the benefit of the employee.

6. KeyOp was a company Roth incorporated in March 2003 to serve as the name of the nominee account at the Custodial Broker-Dealer used in connection with Roth's business of advising the Plans. In June 2003, Roth opened an account at the Custodial Broker-Dealer in the name of KeyOp with CCM's predecessor firm named as the investment adviser.

7. In June 2003 and at other times thereafter, Roth explained to Rollins what the Plans were, how they operated, how the distribution process was supposed to work, and the purpose of the KeyOp account. Roth explained that the only securities or cash that were supposed to be present in the KeyOp account were client mutual fund shares that were about to be sold and the proceeds from those sales. Roth further explained that neither the securities nor the cash were to remain in the KeyOp account for more than the few days it typically took to transfer the assets to the requesting employee. Roth also explained that no trading was supposed to occur in the KeyOp account other than the sale of client mutual fund shares. Rollins and CCM gave Roth their approval to operate the Plan business in the manner he described.

8. In July 2003, Rollins realized that CCM had custody over client assets held in the KeyOp account, which was in violation of firm policy. In an effort to avoid having custody of these assets, Rollins directed Roth to find a new owner for KeyOp Exercise. Rollins informed Roth that neither Roth nor a family member could be the owner. In response, Roth transferred nominal ownership of KeyOp Exercise to a friend. Rollins never communicated with the new owner and took no steps to learn about the new owner's background, qualifications, or relationship with Roth.

9. Despite the nominal change in ownership, Rollins recognized that the use of the KeyOp account could still present custody-related issues for the firm. Rollins drafted a memo in 2004 in which he wrote that "Compliance will continue to monitor this activity and will focus on this matter during the on-site visit of this location in 2004." As KeyOp's investment adviser, CCM had complete access to all KeyOp account information through the Custodial Broker-Dealer's website at all times. Rollins and CCM, however, never monitored the KeyOp account or the activity within it, despite knowing that the account held CCM client assets.

10. Roth continued to control the activities within the KeyOp account through February 2011, despite the nominal change in ownership. The new owner did not play any role in KeyOp's operation. Roth created a stamp of the nominal owner's signature and used it on checks, letters of authorizations, and wire transfer requests. Roth never told the nominal owner of any distribution requests or sought his authorization before conducting any activity within the account. In 2007, Roth installed his adult children as the KeyOp owners, replacing his friend, but Roth continued to maintain sole control and use of the KeyOp account. Rollins and CCM did not learn about this second change of ownership until February 2011.

11. Between May 2004 and February 2011, Roth stole approximately $16 million from certain of his KeyOp Exercise Plan clients and individual clients. Roth used the stolen shares and cash to form and support several companies he owned or controlled, to trade in ETFs on margin in the KeyOp account for his own benefit, and to serve as collateral for this margin trading.

12. Roth used several methods to carry out his thefts, all of which made it appear that the fraudulent transfers had been authorized by the client or trustee:

a. starting in at least 2004, Roth convinced several individual clients to sign blank letters of authorization and wire transfer requests, which permitted him to have client securities and cash transferred from the client accounts at the Custodial Broker-Dealer to the KeyOp account and bank accounts Roth controlled. From May 2004 through February 2011, Roth stole more than $1.85 million from these individual clients.

b. from August 2006 through February 2011, Roth falsely told the trustee for several Plan clients that employees had requested distributions, and presented fabricated letters of authorization, which the trustee signed. Roth stole more than $2 million from Plan clients in this way.

c. beginning in 2008, Roth convinced several Plan clients to give Roth standing authority to transfer assets from the Plan clients' accounts to the KeyOp account without a signed letter of authorization. Roth did not tell his clients that his control of the KeyOp account allowed him to use the shares as he wished once they were in the KeyOp account. From late 2008 until February 2011, Roth used his standing authority to steal more than $12.1 million from these clients.

d. from December 2008 through February 2011, Roth also made at least 16 unauthorized transfers totaling over 1.1 million shares from Plan clients to the KeyOp account. Roth moved these shares to the KeyOp account to serve as collateral to support his margin trading. He returned the shares to the clients' accounts within two months. When a third-party record administrator e-mailed Roth in 2010 and questioned their legitimacy, Roth claimed the transfers were mistakes.

CCM Had Custody of Client Assets

13. From 2003 through February 2011, CCM had custody of client assets when the assets were held in the KeyOp account at the Custodial Broker-Dealer because Roth held or had access to client accounts through his control over the KeyOp Exercise entity and the KeyOp account. From December 2008 through February 2011, CCM also had custody of several clients' assets, which were held by the Custodial Broker-Dealer because of the standing authority Roth had over these clients' accounts.

14. From 2003 through February 2011, when CCM's clients' assets were held in the KeyOp account at the Custodial Broker-Dealer, CCM failed to maintain client assets with a qualified custodian either (1) in a separate account for each client under that client's name; or (2) in accounts that contained only the client's funds and securities under the adviser's name as agent or trustee for the client. The KeyOp account at the Custodial Broker-Dealer was neither an account in the client's name nor an account under CCM's name as agent or trustee for the clients. Second, CCM also failed to ensure that clients whose assets were held in the KeyOp account at the Custodial Broker-Dealer received a copy of the KeyOp account statements from either the Custodial Broker-Dealer.[2] Prior to March 2010, it alternatively would have been permissible for CCM to send the account statements, provided CCM also arranged for the account to undergo an annual surprise examination. Third, from 2003 through February 2011, CCM did not arrange for surprise examinations of the KeyOp account at the Custodial Broker-Dealer or of those client accounts over which Roth (and thus CCM) had standing authority.

[2] The Custodial Broker-Dealer sent account statements to these clients from 2003 through February 2011.

CCM Failed Reasonably to Supervise Roth

15. Under CCM's written policies and procedures, Rollins was responsible for implementing CCM's policy prohibiting the firm from having custody of client assets. With respect to Roth, Rollins failed to reasonably implement this prohibition. Rollins knew that client assets were transferred to the KeyOp account at the Custodial Broker-Dealer as part of Roth's advisory business. However, after 2003, Rollins took no action to ensure, consistent with CCM's policies, that neither Roth nor CCM held, directly or indirectly, client assets, or had access to them through the KeyOp account. Likewise, Rollins took no action to determine whether Roth had standing authority over client accounts at the Custodial Broker-Dealer. Roth continued to hold or had access to client assets, which was in violation of CCM's custody policy. Because of Rollins' failure to reasonably implement CCM's policies, CCM continued to retain custody of client assets held at the Custodial Broker Dealer. CCM did not arrange for Roth's clients to receive copies of the KeyOp account statements nor arranged for annual surprise examinations of the KeyOp account or client accounts.

16. The CCM Investment Adviser Policies and Procedures Manual stated that Rollins was responsible for developing, adopting, implementing, and enforcing all of the firms' supervisory and compliance policies and procedures. Rollins was also the direct supervisor for all of the registered personnel, including Roth, from 2002 through at least February 2011.

17. **Failure to implement custody policy.** From March 2003 through February 2011, CCM and Rollins failed to reasonably implement CCM's custody policy that prohibited the firm from having custody of client assets by permitting client assets to be held in the KeyOp account at the Custodial Broker-Dealer. Rollins understood the central role the KeyOp account played in Roth's advising of his Plan clients. As such, Rollins knew that client assets were transferred to the KeyOp account at the Custodial Broker-Dealer and sold, with the proceeds remaining in the account until transferred to the proper recipient.

18. Rollins, on behalf of CCM, knew or should have known that Roth held or had access to client assets in the KeyOp account at the Custodial Broker-Dealer and the client assets within it. Rollins took no steps to ensure, consistent with CCM's policies, that neither Roth nor CCM held, directly or indirectly, client assets, or had access to them through the KeyOp account. Had Rollins taken such steps, he could have found substantial evidence that Roth was in control of the account and client assets in violation of firm policy. Evidence of Roth's control included: 1) Roth's use of a stamp of the nominal owner's signatures; 2) the lack of communication between Roth and the nominal owner about KeyOp, client accounts, or distribution requests; 3) Roth's failure to obtain the nominal owner's written authorization to transfer funds from the KeyOp account; 4) CCM's continued status as the investment adviser of record for the KeyOp account at the Custodial Broker-Dealer; and 5) Roth's children becoming the KeyOp owners in 2007.

19. From approximately December 2008 through February 2011, CCM and Rollins also failed to reasonably implement CCM's custody policy which prohibited the firm's advisers, including Roth, from having standing authority over client accounts. Rollins failed to investigate

whether the firm's advisers, including Roth, had been granted such authority. Instead, Rollins relied on the advisers to self-report.

20. Had CCM and Rollins reasonably implemented CCM's custody policy, they could have prevented or detected Roth's fraud.

21. **Failure to implement policy requiring daily review of transactions.** CCM and Rollins failed to reasonably implement CCM's policy requiring the daily review of transactions in client accounts. Rollins was responsible for these reviews. Rollins only reviewed purchases and sales within accounts. He did not review transfers of assets into or out of CCM's client accounts, including those of Roth's victims with KeyOp.

22. If Rollins had reviewed such transfers from client accounts to a KeyOp account, he could have discovered at least 15 transfers of cash totaling approximately $1.1 million between 2004 and 2008 from the accounts of Roth's individual clients to the KeyOp account at the Custodial Broker-Dealer and bank accounts in the name of KeyOp. Rollins knew or should have known that there was no legitimate reason for Roth's individual clients to transfer cash or securities to the KeyOp account. In addition, Rollins could have discovered that mutual fund shares were transferred back and forth between the client accounts and the KeyOp account. Such transfers could have reasonably caused Rollins to take additional steps to determine the legitimacy of such back-and-forth transfers.

23. Rollins also failed to review all transactions in the KeyOp account at the Custodial Broker-Dealer, including transfers from the account, on a daily basis.

24. If Rollins had reviewed the transactions in the KeyOp account at the Custodial Broker-Dealer starting in June 2003, he could have discovered numerous suspicious transactions, including: 1) significant securities trading on margin throughout 2009 and 2010 in the KeyOp account; 2) the transfer of approximately $14 million worth of mutual fund shares from Plan client accounts to the KeyOp account from 2006 through 2011 in which there were no corresponding transfers of money out of the KeyOp account to the proper recipients; 3) the transfer of $733,000 from 2007 through February 2011 from the KeyOp account to a bank account in the name of a Roth-owned company which he had previously disclosed as an outside business activity; 4) transfers totaling approximately $1.1 million from individual clients' accounts to the KeyOp account; and 5) the transfers of approximately 1.1 million mutual fund shares from Plan clients to KeyOp from 2008 through February 2011 in which the shares were returned to the client accounts within two months. All of these transactions involved the misappropriation of client assets by Roth.

25. Had CCM and Rollins reasonably implemented CCM's daily review of transactions policy and procedures, they could have prevented or detected Roth's fraud.

26. **Failure to implement e-mail policy.** CCM and Rollins failed to reasonably implement the firm's written policies and procedures requiring that associated personnel only use their CCM-issued e-mail address for e-mail communications related to firm and client matters.

Specifically, CCM and Rollins permitted Roth to use non-CCM e-mail accounts for such communications. Rollins knew that Roth used non-CCM e-mail accounts after 2006 and rarely used his CCM e-mail account. Rollins frequently sent e-mails to Roth's non-CCM e-mail accounts about Roth's clients and other firm business.

27. CCM and Rollins failed to reasonably implement CCM's written policy requiring that e-mails relating to firm and client matters be maintained and monitored. Rollins permitted Roth and other associated personnel to use non-CCM e-mail accounts if they agreed to forward the required e-mails to their CCM e-mail account. Roth did not forward any e-mails to his CCM account after 2007. As a result, the firm did not have possession of all of Roth's e-mails that it was supposed to maintain or monitor.

28. CCM's and Rollins' failure to reasonably implement the firm's e-mail policy allowed Roth to communicate about client matters via e-mail with virtually no oversight for over three years. Had Rollins properly retained and monitored Roth's e-mails, he could have discovered e-mails showing Roth's control of the KeyOp account and other e-mails questioning the legitimacy of transfers that Roth had ordered.

29. Had CCM and Rollins reasonably implemented CCM's e-mail policy and procedures, they could have prevented or detected Roth's fraud.

30. **Failure to implement office audit policies and procedures.** CCM and Rollins failed to reasonably implement policies and procedures for conducting audits of offices of associated persons ("compliance audits"). CCM's written policies and procedures required annual compliance audits of associated personnel's offices. Between at least 2002 and 2008, CCM assigned Rollins the overall responsibility for administering the compliance audits. With respect to Roth's office, CCM and Rollins failed to reasonably implement the procedures for annual compliance audits.

31. From at least 2004 through January 2010, the compliance audits of Roth's office were perfunctory and were not designed to prevent or detect fraud. There was no meaningful discussion or review of Roth's business advising the Plans or of his outside business activities. There was no review of transactions in Roth's client accounts, including the KeyOp account. There were no surprise compliance audits. No one audited Roth's office in 2009. Roth was last audited in January 2010. Thus, Roth was audited only once between December 2008 through his termination in February 2011.

32. Had CCM and Rollins reasonably implemented CCM's office compliance audit policy and procedures, they could have prevented or detected Roth's fraud.

33. **Failure to implement books and records policies.** CCM failed to reasonably implement its books and records policies and procedures with respect to two of Roth’s Plan clients which executed written advisory agreements with CCM’s predecessor firm. These Plan clients paid advisory fees to a company affiliated with Roth, and after most of the advisory business of CCM’s predecessor firm was transferred to CCM, these Plan clients continued to pay

fees to Roth's affiliated company. CCM failed to enter or properly maintain investment adviser agreements with either of these Plan clients from whom Roth misappropriated over $9.2 million. As a result, these two clients were not listed as clients on CCM's books and records and the transactions in their accounts were not reviewed.

34. Had CCM reasonably implemented CCM's books and records policies and procedures, it could have prevented or detected Roth's fraud.

Violations

35. As a result of the conduct described above, CCM willfully[3] violated Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder, which provide that custody of client funds or securities by an adviser is a fraudulent act, unless the adviser, among other things, complies with certain requirements with respect to the preparation and dissemination of client account statements and surprise annual examinations.

36. As a result of the conduct described above, CCM failed reasonably to supervise Roth, within the meaning of Section 203(e)(6) of the Advisers Act, with a view to preventing Roth's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Roth's aiding and abetting violations of Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-2 thereunder.

37. As a result of the conduct described above, CCM willfully violated Rule 206(4)-7 thereunder, which requires registered investment advisers to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act.

38. As a result of the conduct described above, CCM willfully violated Section 204 of the Advisers Act and Rules 204-2(a)(7), 204-2(a)(8), 204-2(a)(9), 204-2(a)(10), 204-2(e)(1) thereunder. Section 204 of the Advisers Act requires every registered investment adviser to make and keep such reports as the Commission, by rule, may prescribe as necessary or appropriate in the public interest or for the protection of investors. Such records are subject to periodic examinations by the Commission. Rule 204-2 promulgated thereunder requires that an investment adviser "make and keep, true, accurate and current" books and records relating to its advisory business. Rule 204-2(a)(7) generally requires a registered adviser to maintain records relating to "(i) any recommendation made or proposed to be made and any advice given or proposed to be given, (ii) any receipt, disbursement or delivery of funds or securities, or (iii) the placing or execution of any order to purchase or sell any security." Rule 204-2(e)(1) generally requires records required by Rule 204-2(a) to be "maintained and preserved in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the last entry was made on such records, the first two years in an appropriate office of the investment adviser." Rule 204-2(a)(8) requires an investment adviser to keep a "list or other

[3] A willful violation of the securities laws means merely "'that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "'also be aware that he is violating one of the Rules or Acts.'" *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

record of all accounts in which the investment adviser is vested with any discretionary power with respect to the funds, securities or transactions of any client." Rule 204-2(a)(9) requires that registered investment advisers to keep "powers of attorney and other evidences of the granting of any discretionary authority by the client to the investment adviser." Rule 204-2(a)(10) requires that registered investment advisers keep "all written agreements . . . entered into by the investment adviser with any client or otherwise relating to the business of such investment adviser as such."

CCM's Remedial Efforts

39. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

Undertakings

40. Respondent has undertaken to:

a. Independent Compliance Consultant. CCM shall retain, within 30 days of the date of the issuance of this Order, the services of an Independent Compliance Consultant not unacceptable to the staff of the Commission. The Independent Compliance Consultant's compensation and expenses shall be borne exclusively by CCM. CCM shall require the Independent Compliance Consultant to conduct a review of the CCM compliance policies and procedures that the Independent Compliance Consultant deems relevant with respect to 1) custody of client assets, daily review of transactions (including transfers), books and records, and electronic communications, and; 2) the supervision of its registered personnel.

b. At the end of the review, which in no event shall be more than three months after the date of the issuance of this Order, CCM shall require the Independent Compliance Consultant to submit an Initial Report to CCM and to the Commission staff. The Initial Report shall describe the review performed, the conclusions reached, and shall include any recommendations deemed necessary to make the policies and procedures adequate. CCM may suggest an alternative procedure designed to achieve the same objective or purpose as that of the recommendation of the Independent Compliance Consultant. The Independent Compliance Consultant shall evaluate any alternative procedure proposed by CCM. However, CCM shall abide by the Independent Compliance Consultant's final recommendation.

c. Within six months after the date of issuance of this Order, CCM shall, in writing, advise the Independent Compliance Consultant and the Commission staff of the recommendations it is adopting.

d. Within nine months after the date of issuance of this Order, CCM shall require the Independent Compliance Consultant to complete its review and submit a written final report to Commission staff. The Final Report shall describe the review made of CCM's compliance policies and procedures; set forth the conclusions reached and the recommendations made by the Independent Compliance Consultant, as well as any proposals made by CCM; and describe how CCM is implementing the Independent Compliance Consultant's final recommendations.

e. CCM shall take all necessary and appropriate steps to adopt and implement all recommendations contained in the Independent Compliance Consultant's Final Report to the extent it has not already done so.

f. For good cause shown and upon timely application by the Independent Compliance Consultant or CCM, the Commission's staff may extend any of the deadlines set forth in these undertakings.

g. CCM shall require the Independent Compliance Consultant to enter into an agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Compliance Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with CCM, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity, other than the agreement relating to the Independent Compliance Consultant's previous retention by CCM in connection with the findings set forth herein. The agreement will also provide that the Independent Compliance Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Independent Compliance Consultant in performance of his/her duties under this Order shall not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with CCM, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

41. CCM shall certify, in writing, compliance with the undertaking(s) set forth above. The certification shall identify the undertaking(s), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Timothy J. Warren, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty days from the date of the completion of the undertakings.

IV.

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

Accordingly, pursuant to Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that**:**

A. Respondent shall cease and desist from committing or causing any violations and any future violations of Sections 204 and 206(4) of the Advisers Act and Rules 204-2(a)(7), 204-2(a)(8), 204-2(a)(9), 204-2(a)(10), 204-2(e)(1), 206(4)-2, and 206(4)-7 thereunder.

B. Respondent is censured.

C. Respondent shall pay a civil money penalty in the amount of $120,000 to the Securities and Exchange Commission pursuant to a payment plan under which Respondent shall $40,000 within 10 days of the entry of this Order, $40,000 within 180 days of the entry, and $40,000 within 360 days of the entry. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

(1) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(2) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Comprehensive Capital Management, Inc. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Timothy J. Warren, Associate Regional Director, Chicago Regional Office, Division of Enforcement, Securities and Exchange Commission, 175 W. Jackson Boulevard Suite 900, Chicago, Illinois 60604.

D. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the penalty referenced in paragraph IV(c) above. Regardless of whether any Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax

purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

E. Respondent shall comply with the undertakings enumerated in Section III above.

By the Commission.

Elizabeth M. Murphy
Secretary