

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

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14641**

**In the Matter of**

**CHARLES L. RIZZO and**  
**GINA M. HORNBOGEN**

**Respondents.**

**PROPOSED PLAN OF DISTRIBUTION**

1. *Purpose and Background.* This Proposed Plan of Distribution (the “Plan”) has been developed pursuant to the Commission’s Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 203(f) of the Investment Advisers Act of 1940 and Section 15(b)(6) of the Securities Exchange Act of 1934 against Charles L. Rizzo (“Rizzo”) and Gina M. Hornbogen (“Hornbogen”) (collectively, “Respondents”), dated July 20, 2012 (the “Order”) (Exchange Act Rel. No. 67479 (July 20, 2012)). The Plan provides for the distribution of the disgorgement, prejudgment interest, and civil monetary penalties provided for in the Order to clients of investment adviser Results One Financial, LLC (“Results One”) who had funds misappropriated from their accounts.

The Order found, among other things, that Rizzo was a co-founder, director, and 35% equity owner of Results One, an investment adviser based in Elmhurst, Illinois. The Order also found that Hornbogen was the Chief Compliance Officer of Results One, in addition to being a director and 2.5% equity partner of Results One. The Order further found that Rizzo and Hornbogen failed reasonably to supervise Steven Salutric (“Salutric”), who, while acting as an investment adviser for Results One, misappropriated approximately \$7 million from fifteen of his advisory clients.<sup>1</sup>

The Order bars Rizzo and Hornbogen from associating in a supervisory capacity with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization. Rizzo was ordered to pay disgorgement of \$35,079, prejudgment interest of \$7,731, and civil penalties of \$130,000. Hornbogen was

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<sup>1</sup> Results One client funds and securities were held by Charles Schwab, which served as custodian of the client funds. Pursuant to investment advisory agreements with clients, Results One personnel had authority to trade in clients’ accounts without prior approval.

ordered to pay disgorgement of \$15,592, prejudgment interest of \$3,467, and civil penalties of \$25,000.

In accordance with the Order, Rizzo paid a total of \$172,810 in disgorgement, prejudgment interest, and civil monetary penalties to the Commission. Hornbogen paid \$21,680.82 in disgorgement, prejudgment interest, and civil monetary penalties to the Commission. The remainder of Hornbogen's payments in the amount of \$22,378.18, plus post-order interest, is to be paid in installments through July 2015. Any remaining payments received after the effective date of the Plan will be added to the Fund, and it is anticipated that there will be two disbursements to the Eligible Clients, the latter of which is anticipated to occur after all scheduled payments have been received.

Pursuant to the Order, a Fair Fund was created under Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, for the funds paid and to be paid by the Respondents (the "Fair Fund"). The Fair Fund is subject to the continuing jurisdiction and control of the Commission and the Fair Fund is currently on deposit in a Commission designated non-interest bearing account at the United States Department of Treasury ("U.S. Treasury"). This Plan is subject to approval by the Commission, and the Commission retains jurisdiction over the implementation of the Plan.

Under the Plan, the Fair Fund, less any reserve for taxes, fees or other expenses of administering the Plan (the "Net Fair Fund"), will be distributed to Eligible Clients as defined in paragraph 4 of the Plan.

2. *Fund Administrator.* Nancy Chase Burton, Supervisory Assistant Chief Litigation Counsel in the Commission's Division of Enforcement's Office of Distributions, is proposed to act as the administrator of the Fair Fund (the "Fund Administrator"). As a Commission employee, the Fund Administrator shall receive no compensation from the Fair Fund for her services in administering the Fair Fund. In accordance with Rule 1105(c) of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. §§ 201.1100 through 201.1106 ("Rules"), no bond is required since the Fund Administrator is a Commission employee. In carrying out her duties, the Fund Administrator may be assisted by other Commission staff acting under her supervision.

The Fund Administrator will, among other things: oversee the administration of the Fair Fund, obtain mailing information for eligible Results One clients, distribute money from the assets of the Fair Fund in accordance with this Plan, resolve disputes, distribute the Fair Fund to Eligible Clients as defined in paragraph 4 of the Plan, prepare a final accounting with assistance from the Tax Administrator, and provide the Tax Administrator with funds to pay tax liabilities and tax compliance fees and costs, pursuant to the Omnibus Order Directing the Appointment of Tax Administrator in Administrative Proceedings that Establish Distribution Funds (Exchange Act Rel. No. 68683 (January 17, 2013)).

3. *Tax Administrator.* The Commission has appointed Damasco and Associates, LLP as the Tax Administrator ("Tax Administrator") of the Fair Fund (Exchange Act Rel. No. 68264 (November 19, 2012)). The Fund Administrator will cooperate with the Tax

Administrator in providing information necessary to accomplish the income tax compliance and any other work ordered to the Tax Administrator by the Commission. The Tax Administrator shall be compensated for reasonable costs and expenses from the Fair Fund in accordance with its 2013-2015 Engagement Letter Agreement with the Commission, and tax obligations will be paid out of the Fair Fund.

4. *Specification of Eligible Fair Fund Recipients.* The Fund Administrator shall distribute the Net Fair Fund to those Results One clients that have been harmed by the conduct described in the Order (individually, each an “Eligible Client”, and collectively, the “Eligible Clients”). A client will be deemed harmed only if that client suffered a net loss of funds by virtue of the conduct described in the Order.

5. *No claims-made process.* This Fair Fund is not being distributed according to a claims-made process, so the procedures for providing notice and for making and approving claims are not applicable.

6. *Qualified Settlement Fund.* The Fair Fund constitutes a Qualified Settlement Fund (“QSF”) under Section 468B(g) of the Internal Revenue Code, 26 U.S.C. §468B(g), and related regulations, 26 C.F.R. §§1.468B-1 through 1.468B-5.

7. *Methodology for Determining Distribution Amounts.* The Fund Administrator will determine the amount to be distributed to each Eligible Client in the following manner. First, the Fund Administrator will determine, with reference to the information collected by the Commission staff regarding Eligible Clients’ losses, the net amount that each Eligible Client lost by virtue of the conduct described in the Order (“Net Loss Amount”). Net Loss Amount is defined as the amount of actual monies misappropriated by Salutric, less any monies received by Eligible Clients as settlements, insurance, or other payments in connection with this matter from Salutric, Results One, Rizzo, Hornbogen, or any other third party. Second, the Fund Administrator will determine what percentage of the total pooled Net Loss Amounts of all Eligible Clients is represented by each individual Eligible Client’s Net Loss Amount (“Pro Rata Share”). Finally, for each Eligible Client, the Fund Administrator will multiply the Pro Rata Share by the Net Fair Fund to determine each Eligible Client’s gross distribution amount (“Gross Distribution Amount”).

In the view of the Fund Administrator, this methodology constitutes a fair and reasonable allocation of the Fair Fund. Based on this methodology, it is anticipated that there will be two distributions to the Eligible Clients, which will take place as outlined in paragraph 9.

Based on this methodology, the individual net loss amounts and percentages of pooled net loss for Eligible Clients are as follows:

<b>Eligible Client</b>	<b>Total Loss</b>	<b>Third Party Settlement/ Reimbursement Received</b>	<b>Net Loss</b>	<b>% of Pooled Net Loss of All Eligible Clients</b>
Eligible Client #1	\$75,000	None	\$75,000	2.03%
Eligible Client #2	\$50,000	None	\$50,000	1.36%
Eligible Client #3	\$75,000	None	\$75,000	2.03%
Eligible Client #4	\$160,000	None	\$160,000	4.34%
Eligible Client #5	\$100,000	None	\$100,000	2.71%
Eligible Client #6	\$95,000	\$30,000	\$65,000	1.76%
Eligible Client #7	\$75,000	None	\$75,000	2.03%
Eligible Client #8	\$55,000	None	\$55,000	1.49%
Eligible Client #9	\$590,000	\$390,000	\$200,000	5.42%
Eligible Client #10	\$100,000	None	\$100,000	2.71%
Eligible Client #11	\$325,000	None	\$325,000	8.81%
Eligible Client #12	\$230,000	None	\$230,000	6.23%
Eligible Client #13	\$190,000	None	\$190,000	5.15%
Eligible Client #14	\$100,000	None	\$100,000	2.71%
Eligible Client #15	\$100,000	None	\$100,000	2.71%
Eligible Client #16	\$406,000	\$115,000	\$291,000	7.89%
Eligible Client #17	\$562,909	\$85,000	\$477,909	12.95%
Eligible Client #18	\$85,000	\$75,000	\$10,000	0.27%
Eligible Client #19	\$338,618	None	\$338,618	9.18%
Eligible Client #20	\$1,524,353	\$852,768	\$671,585	18.20%
<b>TOTAL NET LOSS</b>			<b>\$3,689,112</b>	

8. *Procedures for Locating and Notifying Eligible Clients.* On the basis of information obtained by the Commission staff based on review and analysis of applicable records, the Fund Administrator will identify the Eligible Clients as defined in paragraph 4. Within thirty (30) days of the Commission’s approval of this Plan, the Fund Administrator will send each Eligible Client a notice by United States Postal Service regarding the Commission’s approval of the Plan, including as appropriate, a statement characterizing the distribution, a link to the Plan posted on the Commission’s website and instructions for requesting a copy of the Plan, a Net Loss Amount calculation and a preliminary Gross Distribution Amount, a description of the tax information reporting and other related tax matters, the procedure for the distribution as set forth in the Plan, and the name of the Fund Administrator to contact with questions regarding the distribution (the “Plan Notice”). The Fund Administrator will coordinate with the Tax Administrator to request information from each Eligible Client that is needed to accomplish the distribution in accordance with applicable tax requirements relating to the Fair Fund.

If an Eligible Client fails to respond within thirty (30) days from the mailing of the Plan Notice, the Fund Administrator shall then make no fewer than two (2) attempts to contact the Eligible Client telephonically or by email. The second attempt shall in no event take place more than forty-five days (45) days from the mailing of the Plan Notice. If an Eligible Client fails to respond to the Fund Administrator's contact attempts as described in this paragraph, such Eligible Client will be removed from the distribution and the allocated distribution amount shall be added to the Net Fair Fund and may, if ordered by the Commission, be distributed to the remaining Eligible Clients.

If a Plan Notice is returned as undeliverable, the Fund Administrator will make all reasonable efforts to ascertain an Eligible Client's correct address. The Fund Administrator will then resend the Plan Notice to the Eligible Client's new address within thirty days of receipt of the returned Plan Notice. If the Plan Notice is returned again, and the Fund Administrator, despite all reasonable efforts, is unable to find an Eligible Client's correct address, the Eligible Client will be removed from the distribution and the allocated distribution amount shall be added to the Net Fair Fund and may, if ordered by the Commission, be distributed to the remaining Eligible Clients.

9. *Distribution Timing.* The Fund Administrator will use her best efforts to start the first distribution within one hundred and twenty (120) days of the Plan's approval, and to start the second distribution within sixty (60) days of the final payment from Hornbogen.

10. *Financial Management Service; Validation and Approval of Disbursement of the Fair Fund.* The Fair Fund disbursement to Eligible Clients will be implemented by the Commission and disbursed through the United States Department of the Treasury's Financial Management Service ("FMS"), which will mail checks or electronically transfer funds to each payee as instructed by the Fund Administrator. The Fund Administrator will compile the payee information and prepare a payment file in a Commission-approved format for submission to make the disbursements through FMS. Pursuant to Rule 1101(b)(6), the Fund Administrator will obtain an order from the Commission to disburse the Fair Fund.

The Fund Administrator will work with FMS to obtain information about uncashed checks, any returned items due to non-delivery, insufficient addresses, and/or other deficiencies. The Fund Administrator is responsible for researching and reconciling errors and reissuing payments when possible. The Fund Administrator also is responsible for accounting for all payments. Checks issued by FMS will state on their face that they are valid for one year. If any checks issued are not cashed within the one year time period, the Fund Administrator will work with FMS to identify all uncashed checks. The amount of all uncashed checks will be credited to the Fair Fund account and may, if ordered by the Commission, be distributed to other Eligible Clients.

11. *Accountings.* When all funds have been disbursed except for the residual described in paragraph 17 of this Plan, the Fund Administrator will submit a final accounting for the approval of the Commission prior to termination of the Fair Fund and discharge of the Fund Administrator. Since the funds are being held in a Commission designated non-interest bearing

account at the U.S. Treasury, and a Fund Administrator has been appointed, no interim accountings shall be required.

12. *Expenses of Administration.* Fees and other expenses of administering the Plan shall be paid from the Fair Fund.

13. *Amendments and Procedural Deadline Extensions.* The Fund Administrator shall take reasonable and appropriate steps to distribute the Net Fair Fund according to the Plan. The Fund Administrator will inform the Assistant Director of Logistics and Services for the Division of Enforcement (AD) of any changes in the Plan. If a change is determined to be material, Commission approval is required prior to implementation by amending the Plan, which may be done upon the motion of any party, the Fund Administrator, or upon the Commission's own motion. Immaterial changes may be made by the Fund Administrator with approval of the AD. For good cause shown, the Fund Administrator may extend any of the procedural dates set forth in this Plan.

14. *Procedures for the Receipt of Additional Funds.* It is anticipated that the Fair Fund will receive at least \$28,383 in additional funds when Hornbogen pays the remaining installments owed pursuant to the Order, plus applicable post-order interest, which are due on the following dates: January 11, 2014; July 10, 2014; January 6, 2015; and July 20, 2015. It is anticipated that there will be two disbursements to the Eligible Clients, the latter of which is anticipated to occur after all scheduled payments have been received.<sup>2</sup>

15. *Procedures to Request Plan Notice.* A person that does not receive a Plan Notice and believes that he or she should have received a Plan Notice after becoming aware of the Plan (e.g., through other Eligible Clients or on [www.sec.gov](http://www.sec.gov)), must submit documentation to the Fund Administrator to establish that the individual is in fact eligible to receive a Plan Notice within forty-five days after the last Plan Notices are sent to Eligible Clients by the Fund Administrator. The Fund Administrator will send the individual a Plan Notice within twenty-one days of receiving the individual's documentation if the Fund Administrator determines that the individual should have received a Plan Notice.

16. *Procedures for Disputing Amounts Received.* Disputes will be limited to calculations of disbursement amounts to Eligible Clients. Within thirty days of the date that an Eligible Client's disbursement is made, the Fund Administrator must receive a written communication detailing the dispute along with any supporting documentation. The Fund Administrator will investigate the dispute, and such investigation will include a review of the written dispute as well as any supporting documentation. Within thirty days of receipt of the written dispute, the Fund Administrator will notify the Eligible Client of her resolution of the dispute, which shall be final. This procedure will be set forth in the Plan Notice.

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<sup>2</sup> Should any additional funds be received as a result of the U.S. District Court action captioned SEC v. Salutric, 10-cv-1115 (N.D. Ill.) (J. Dow), such funds will be distributed pursuant to court order in that district court action, and will not be added to nor distributed as part of the Fair Fund that is the subject of this Plan.

17. *Disposition of Undistributed Funds.* A residual account within the Fair Fund is established for any amounts remaining after final distribution of the Net Fair Fund to Eligible Clients has occurred. The residual account may include funds reserved for future taxes and related expenses, distributions from checks that have not been cashed, from checks that were not delivered or from funds returned to the Commission, tax refunds for overpayment or for waiver of IRS penalties. All funds remaining in the residual account will be transferred to the U.S. Treasury after the final accounting is approved by the Commission.

18. *Termination of the Fair Fund.* Upon final distribution of the Net Fair Fund to Eligible Clients, the Fund Administrator shall make arrangement for the final payment of taxes and Tax Administrator fees and shall submit a final accounting to the Commission. The Fair Fund shall be eligible for termination after all of the following have occurred: (1) a final accounting, in the Division's standard accounting form, has been submitted by the Fund Administrator, and has been approved by the Commission; and (2) all taxes, fees, and expenses have been paid. When the Commission has approved the final accounting, staff shall seek an order from the Commission to approve: (1) sending the remaining residual amounts to the U.S. Treasury; (2) termination of the Fair Fund; and (3) discharge of the Fund Administrator.

19. *Notice of Proposed Plan and Opportunity for Comment.* The Notice of the Proposed Plan of Distribution and Opportunity for Comment (the "Notice") shall be published in the SEC Docket and on the Commission's website <http://www.sec.gov>. Any person or entity wishing to comment on the Plan must do so in writing by submitting their comments within thirty (30) days of the date of the Notice (i) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549-1090; (ii) by using the Commission's Internet comment form ([www.sec.gov/litigation/admin.shtml](http://www.sec.gov/litigation/admin.shtml)); or (iii) by sending an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Comments submitted by e-mail or via the Commission's website should include "Administrative Proceeding File Number 3-14641" in the subject line. Comments received will be available to the public. Thus, persons should only submit information that they wish to make publicly available.