

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9665 / October 16, 2014

SECURITIES EXCHANGE ACT OF 1934
Release No. 73379 / October 16, 2014

INVESTMENT ADVISERS ACT OF 1940
Release No. 3953 / October 16, 2014

INVESTMENT COMPANY ACT OF 1940
Release No. 31292 / October 16, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16202

In the Matter of

**GEORGE N. KRINOS,
KRINOS HOLDINGS,
INC. and FORDGATE
ACQUISITION CORP.**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-
AND-DESIST PROCEEDINGS
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTION
21C OF THE SECURITIES
EXCHANGE ACT OF 1934,
SECTIONS 203(f) AND 203(k) OF THE
INVESTMENT ADVISERS ACT OF
1940, SECTION 9(b) OF THE
INVESTMENT COMPANY ACT OF
1940, AND SECTION 12(j) OF THE
SECURITIES EXCHANGE ACT OF
1934**

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 Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 21C and 12(j) of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (Investment Company Act”) against George N. Krinos (“Krinos”), Krinos Holdings, Inc. (“Krinos Holdings”), and Fordgate Acquisition Corp. (“Fordgate”).

II.

After an investigation, the Division of Enforcement alleges that:

A. SUMMARY

1. This matter involves fraudulent misrepresentations by George N. Krinos (“Krinos”) and Krinos Holdings, Inc. (“Krinos Holdings” or the “company”) in the offer and sale of securities of Krinos Holdings. From January, 2012, through at least November, 2013, Krinos, through Krinos Holdings, raised approximately \$1 million from at least 18 investors through the unregistered sale of common stock and secured convertible debenture notes. Throughout this period, Krinos made materially false and misleading representations to investors about the use of investor funds and Krinos Holdings’ business operations and prospects.

2. In addition, throughout 2012 and 2013, Krinos made material misrepresentations to existing and potential investment advisory clients about the scope, experience, and assets under management, of Krinos Financial Group, Ltd., Inc. (“Krinos Financial”), a subsidiary of Krinos Holdings that was formerly registered with the Commission as an investment adviser, and filed a false Form ADV with the Commission.

3. Finally, Fordgate Acquisition Corp. (“Fordgate”), a shell company whose common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act, was acquired by Krinos in June, 2013, and has failed to file Forms 10-Q for the periods ending June 30, 2013, September 30, 2013, March 31, 2014, June 30, 2014, and its Form 10-K for 2013.

B. RESPONDENTS

4. Krinos, age 36, resides in Campbell, Ohio. He is the founder, CEO, and President of Krinos Holdings. Krinos Financial, a subsidiary of Krinos Holdings, was registered as an investment adviser with the Commission until October, 2013. From 2007 until 2010, Krinos was also a registered representative associated with several broker dealers registered with the Commission. During that time, he also owned Krinos Financial Group, Inc., which purportedly sold insurance products and was an investment adviser registered with the State of Ohio from September, 2010, until its registration was terminated December 31, 2010, for insufficient renewal funds. Krinos is also the founder, president, and CEO of Krinos Venture Capital, Krinos Investment Group, Krinos Financial Group Ltd., Inc., and Krinos Wealth Management, Inc., which are all subsidiaries of Krinos Holdings.

5. Krinos Holdings is a Nevada corporation with its principal place of business in Poland, Ohio. Krinos Holdings was formed by Krinos in early 2012 for the purpose of operating as a holding company owning 100% of the membership interests in operating subsidiaries engaged in venture capital and various financial services. At all times, Krinos was the president, CEO and controlling shareholder of Krinos Holdings, controlling all aspects of Krinos Holdings and its subsidiaries. Neither Krinos Holdings nor its securities have ever been registered with the Commission.

6. Fordgate Acquisition Corporation is a Delaware Corporation with its principal place of business in Poland, Ohio. Fordgate is a shell company whose common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act. Fordgate is required to file periodic reports, including Forms 10-K and 10-Q, with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder. On or about June 27, 2013, Fordgate issued 1,000,000 shares of stock to Krinos, making him the majority shareholder of Fordgate. Krinos is the sole director, president, and secretary of Fordgate.

C. **BACKGROUND**

7. Krinos incorporated Krinos Holdings in February, 2012, purportedly to provide venture capital to American start-up companies and serve as the parent company for approximately a half dozen subsequently formed subsidiaries that claimed to offer a variety of financial services. At the time Krinos Holdings was formed, Krinos was the sole officer and employee.

8. Shortly after forming Krinos Holdings, Krinos began raising capital through the unregistered offering of \$1 million in common stock at \$.10 per share, and \$1 million in secured convertible debenture notes at \$1,000 per share with a term of 36 months and an annual 7% simple interest rate.

9. From at least January, 2012, through November, 2013, Krinos sold more than \$1,000,000 in common stock and secured convertible debenture notes to at least 18 investors, most of whom were former clients of Krinos as a result of his past employment.

10. Krinos was personally responsible for providing investors with information about Krinos Holdings and the purchase of stock and debenture notes. Krinos gave investors a Private Placement Memorandum (“PPM”) and a business plan (“Business Plan”) that described the investments.

11. Krinos also used the internet to promote and solicit investments in Krinos Holdings. For example, on July 1, 2012, on the Krinos Financial website, he announced that he had created a “controlled risk investment trust” that was “designed as a vehicle to fund high-profit, worthy, new projects or start-ups while assuring investors a larger than usual, highly-risk managed, return.”

12. On September 27, 2012, a Krinos Financial Twitter post said, “Interested in investing in our company? Check out our website!!”

13. On November 8, 2012, Krinos advertised on the Krinos Financial Twitter feed that “With our new capital rate, you can earn 5% APY for 5 years. PRINCIPAL INSURED.”

14. Krinos also solicited investors in newspapers advertisements. For example, in November, 2012, Krinos published a newspaper article in Youngstown, Ohio offering an

investment product with an annual interest rate of 3% to 8%, depending on the term of the product.

15. Throughout 2012 and 2013, during in-person discussions, on the Internet, and in PPMs, Business Plans, investor questionnaires, and subscription agreements, provided to investors, Krinos made materially false and misleading representations to investors about the use of investor funds, and Krinos Holdings' venture capital plan, scope of operations, and likelihood of success.

D. KRINOS MISAPPROPRIATED AND MISREPRESENTED THE USE OF INVESTOR FUNDS

16. Both the common stock and debenture PPMs that Krinos gave to investors represented that the proceeds from the offering would be used to pay general overhead expenses, consulting and management fees, the costs required to establish the marketing and sales/leasing force to sell the products and services, and for working capital.

17. The Business Plan that Krinos gave to investors represented that investor funds would be used as "seed money" to assist Krinos Holdings and to help position it to become a publicly traded company.

18. The PPM represented that Krinos would receive a \$50,000 salary in 2012, and that officers would be reimbursed for "business, travel and business entertainment expenses incurred in the performance of their duties on behalf of the Company."

19. Krinos also personally told investors that the funds from the sale of securities would be used for business expenses or to invest in other companies.

20. In reality, none of the funds obtained from investors were provided to start-up companies, and a significant portion were spent by Krinos on personal expenses.

21. Of the \$320,000 that Krinos raised in 2012 from the sale of Krinos Holdings stock and debenture notes, he received more than \$45,000 in salary, and spent \$14,600 at restaurants and bars, \$50,600 at casinos and strip clubs, \$2,000 on other personal expenses such as clothing and jewelry, and withdrew almost \$14,000 in cash at ATMs, including some at addresses of bars and strip clubs. Krinos also spent \$7,200 on car service, parts, and gasoline, even though there was not a company car, and thousands of dollars on rental cars and hotels in the Youngstown, Ohio area.

22. In October, 2012, Krinos began using \$40,000 of investor funds to conduct foreign currency trading in an attempt to generate income for the company, of which more than \$11,000 was lost through trading.

23. Shortly after being hired in July, 2012, the company's CFO and accountant learned that Krinos was spending large sums of company funds on personal expenses, including restaurants, bars, strip clubs, retail stores, and casinos.

24. During Summer, 2012, the CFO, accountant, and other Krinos Holdings employees, confronted Krinos about these expenditures, sought business justifications, and asked him to stop using company funds for personal purposes. Krinos did not provide adequate support for these expenditures and continued to use company funds for personal purposes.

25. The CFO and accountant began to keep track of the company funds that Krinos used for personal expenses in a “Note to Shareholder” category in the company’s general ledger. By December, 2012, this category reflected approximately \$92,000 in unreimbursed personal expenses incurred by Krinos.

26. In February, 2013, approximately two days before a scheduled shareholder meeting, Krinos instructed the CFO and accountant to prepare financial statements for distribution to the shareholders. Krinos instructed the CFO and accountant to assign expenses from the “Note to Shareholder” category to other business expense categories in the financial statements. As a result, the “Note to Shareholder” category was reduced to only \$22,031.

27. Because of the changes to the financial statements ordered by Krinos, the CFO and accountant told Krinos they did not believe the financial statements were accurate and objected to distributing them to shareholders. Krinos ignored these concerns and distributed the financial statements to investors at the February 2013 meeting.

28. The financial statements given to investors were materially misleading. The balance sheet for the year ended December 31, 2012, included a “note receivable from shareholder” of only \$22,031, and the income statement falsely reflected that all company funds had been used for company expenses. The financial statements also represented that Krinos’ annual salary was \$50,000 from the founding of the company to the “present.”

29. Krinos did not tell investors that the “note receivable from shareholder,” or any of the other categories of expenses in the statements, included his personal expenditures. Further, neither the financial statements nor Krinos himself disclosed that approximately \$40,000 had been invested in foreign currency, \$11,000 of which had been lost through trading. Krinos also failed to disclose that in January, 2013, he had invested an additional \$50,000 in foreign currency trading and had loaned more than \$30,000 to a friend to purchase a home.¹

¹ Although both PPMs further represented that offering proceeds not immediately utilized could be placed in “any investment that management considers in the best interest of the company,” and the debenture PPM further specified that such offering proceeds could be invested in, among other things, “foreign currency trading, loans, [or] purchase of real estate,” investors did not understand, and the PPMs did not disclose, that Krinos would engage in foreign currency trading as a primary business strategy or make risky real estate loans to his friends, which Krinos began doing in October of 2012. None of the individuals trading foreign currency with investor funds had any prior professional experience.

30. At the meeting, Krinos also failed to disclose to investors that he had awarded himself a substantial raise for 2013.

31. Shortly after the investor meeting, Krinos fired the company's CFO and accountant. Between February 2013, and May 2013, Krinos Holdings did not have anyone maintaining its books and records.

32. In mid-May, 2013, Krinos hired a new accountant, however, he did not provide her with access to any company financial information until approximately two months later. When the new accountant was finally provided access to this information, she learned that Krinos had continued to spend company funds on personal expenses.

33. The new accountant asked Krinos for business justifications for the personal expenses, but he ignored the request and told her that he could use the funds for any purposes because he was the CEO.

34. During 2013, Krinos sold approximately \$700,000 of stock and debenture notes of Krinos Holdings. Most of the purchasers were existing investors. Of that amount, Krinos paid himself approximately \$77,000 in salary, spent nearly \$16,000 at bars and restaurants, more than \$35,000 at casinos and strip clubs, more than \$12,000 on retail purchases, more than \$4,000 to re-upholster his boat, and at least \$2,700 on sporting goods and clothing, and withdrew more than \$15,000 in cash. Krinos also spent more than \$5,400 on travel expenses, including a trip to Atlantic City, NJ, hotels and rental cars located near Youngstown, OH, and spent an additional \$2,500 on a DUI attorney and \$2,500 on concert tickets.

35. From January through May, 2013, Krinos also used a total of more than \$150,000 of investor funds for foreign currency trading, and more than \$3,500 was lost through trading. In April, 2013, Krinos paid \$5,500 to a restaurant owned by the same friend to whom he had previously loaned \$30,000 in January, 2013.

36. Krinos and Krinos Holdings never provided any money to any start-up companies and did not disclose to investors that their money was being used to pay Krinos' personal expenses, investing primarily in foreign currency, or to make loans to friends of Krinos.

E. KRINOS AND KRINOS HOLDINGS MADE MATERIAL MISREPRESENTATIONS ABOUT THE VENTURE CAPITAL BUSINESS

37. Both the common stock and debenture PPMs that Krinos gave to investors represented that Krinos Holdings was a venture capital firm, committed to helping businesses pursue their goals by offering a wide range of loan services to business owners.

38. The Business Plan that Krinos gave to investors represented that Krinos Holdings and its subsidiaries would create a hedge fund to raise money and loan it to other American-based companies.

39. In discussions, Krinos told investors that his plan was to take Krinos Holdings public, in which case the stock could be worth anywhere between \$2-10 per share.

40. Krinos also told investors that Krinos Holdings would be investing in American companies that would create American jobs.

41. The Business Plan given to investors represented that the company would “thoroughly examine the needs and abilities of potential clients with a team of business analysts both within the [Krinos Venture Capital] family as well as other companies...that are in the business of finding financing for funding new ideas.” During Summer, 2012, Krinos Holdings made representations on various Internet websites and social media, whose content was controlled by Krinos, that companies funded by Krinos Holdings “must meet strenuous funding requirements and rigorous due diligence” and a “team of business analysts” would “thoroughly examine” the needs and abilities of the companies to be funded.

42. Between at least June, 2012, and January, 2013, Krinos Holdings’ websites and social media represented that Krinos Holdings was funding a number of start-up companies. For example, on July 13, 2012, the Krinos Financial website announced that it was “in the final stages of funding [Company A].” On September 27, 2012, it announced on Twitter that “Krinos Financial Group is funding [Company A]...” Throughout the Summer, 2012 until at least January, 2013, Krinos Holdings claimed that the company was “in the funding process” for other start-up companies.

43. Krinos also touted Krinos Holdings and its venture capital business through press conferences and the press. For example, on or about September 5, 2012, Krinos participated in a press conference where he claimed Krinos Holdings “will fund” a waste-to-fuel plant in Michigan for one of the start-up companies, Company B.

44. During the September 5, 2012 press conference, Krinos claimed that he had a “proprietary financing method, very unique in nature” and said that in the next few months Krinos Holdings would be working with “a multitude of businesses, start-ups or businesses that are looking to expand and putting out about two to two-and-a-half billion in financing” that would create approximately 40,000 American jobs.

45. On or about September 7, 2012, Krinos participated in another press conference in Huntington, Ohio, where he claimed that Krinos Holdings would be financing another plant in Indiana for Company B. During the September 7, 2012 press conference, Krinos also claimed that his financing method was “proprietary” and could not be discussed because of SEC restrictions. Krinos claimed he was preparing to take Krinos Holdings public and was planning to list the company on NASDAQ by the end of 2012.

Krinos also claimed that he had lined up approximately \$2.5 billion in investments that would create approximately 40,000 new jobs.

46. In November, 2012, a newspaper article quoted Krinos as claiming that, “[m]y business experience and knowledge of the industry...and our ability to raise capital is second to none....”

47. Krinos told investors that he had a good relationship with large institutional investors, including Firm A, which would either invest in Krinos Holdings or market its hedge fund.

48. At shareholder meetings in October, 2012, and February, 2013, Krinos portrayed the company’s prospects, including its venture capital plan, in a positive light.

49. The above representations about Krinos Holdings’ venture capital business and its prospects were materially false and misleading.

50. Krinos orally, in PPMs, and in business plans given to investors and posted on company websites, falsely represented that Krinos Holdings was a start-up venture capital firm which, through its subsidiaries, would offer a variety of financial services to individuals and provide loans to American business owners.

51. From the outset, Krinos knew, or was reckless in not knowing, that Krinos Holdings would not and could not provide these services. Krinos himself lacked the experience and expertise to do so, and he knowingly or recklessly hired or worked with individuals whom he knew, or was reckless in not knowing, lacked the experience to perform their job duties or the represented services.

52. At no time did Krinos have the funds, or a reasonable expectation of obtaining the funds, necessary to fully finance even one of the start-up companies, and he ultimately never provided any financing to any of the start-up companies.

53. Krinos did not have a good relationship with any institutional investors, such as Firm A, and had received no interest from institutional investors to fund or market a hedge fund for Krinos Holdings.

54. Krinos also misrepresented the process for selecting companies to fund, and the experience and ability of the staff involved in that process. Applicants for funding were chosen based on a cursory review of information by Krinos’ brother-in-law, an industrial engineer with no business experience, who was occasionally assisted by the company’s COO, whose prior business experience was managing a health club. In fact, neither Krinos, nor any of his staff, had any experience in venture capital or had ever raised any capital for another start-up company.

55. Krinos also misrepresented the status of the start-up company funding projects on company websites and in the press. Although Krinos Holdings executed

funding agreements with six start-up companies in August, 2012, and a seventh in September, 2012, the agreements with the start-up companies were never finalized, and Krinos Holdings never entered into a funding process with, or provided any funding to, any of the start-up companies, and never had sufficient funds to do so.

56. On November 16, 2012, Krinos Holdings informed the start-up companies by e-mail that it did not have the money to meet its funding commitments and did not expect to be able to provide funding until mid-2013. Investors were not told about this funding delay or warned that the start-up companies might seek funding elsewhere.

57. In Spring, 2013, Krinos asked some of the start-up companies to pay \$25,000 for Krinos Holdings to prepare a PPM, but none of the companies expressed interest in that offer. Instead, several of the companies, including Company B, explicitly informed Krinos that they were terminating their relationship with Krinos Holdings. The terminations were not disclosed to shareholders.

58. Moreover, Krinos raised an additional \$584,986 from March, 2013, through at least November, 2013, after he had been informed that several of the start-up companies had terminated their relationships with Krinos Holdings.

59. Ultimately, Krinos never provided any funding to any start-up companies, and the only business conducted by Krinos Holdings was foreign currency trading and risky real estate loans to one of Krinos' friends, which was not successful or disclosed to investors.

F. KRINOS AND KRINOS HOLDINGS MADE MATERIAL MISREPRESENTATIONS ABOUT THE SCOPE OF THE COMPANY'S OPERATIONS AND STAFF QUALIFICATIONS

60. Krinos also misrepresented the experience of Krinos Holdings employees and the nature and scope of its business operations on company websites and in the press.

61. For example, on September 19, 2012, the Krinos Holdings Twitter page represented that "agents" at Krinos Financial "have extensive investment advisory experience and are licensed to sell a variety of investment and insurance products." Krinos repeated this representation on the Krinos Holdings Facebook page on September 19, 2012 and November 1, 2012.

62. In a November 18, 2012 newspaper article about the Company B projects, Krinos said that "Krinos Group is a multifaceted financial firm offering insurance, venture capital and financial consulting services with more than a decade of experience." Krinos further claimed, "My business experience and knowledge of the industry...and our ability to raise capital is second to none."

63. In November, 2012, Krinos also placed advertisements in newspapers in the Youngstown, Ohio area selling an investment product, which suggested that Krinos Holdings had branches in Boardman, Ohio, Cleveland, Ohio, and Columbus, Ohio.

64. In October, 2012, Krinos Holdings also announced on its Twitter and Facebook pages that it had opened new offices in Columbus, Ohio and Cleveland, Ohio.

65. In fact, these representations about the company's operations and experience were false.

66. Among other things, at the time of these representations, Krinos Financial did not have licensed staff with extensive investment advisory experience. Krinos, who had only limited investment advisory experience himself, was the only person at Krinos Holdings with any alleged investment advisory experience. Although Krinos had hired individuals with investment advisory experience, they had all left the company by September 15, 2012, and at least two of them did not have current licenses while they were employed by Krinos Holdings.

67. Krinos also had only one staffed office in Poland, Ohio and did not have offices in Columbus or Cleveland.

G. KRINOS ACQUIRED FORDGATE, ISSUED A FALSE PRESS RELEASE, AND FORDGATE FAILED TO MAKE REQUIRED FILINGS

68. On May 10, 2013, Krinos wired \$30,000 from Krinos Holdings to Company C, to purchase the controlling interest in Fordgate, a shell company registered with the Commission and owned by Company C.

69. On approximately June 27, 2013, pursuant to an agreement with Krinos and Krinos Holdings, the principals of Company C resigned their positions as directors of Fordgate, Fordgate issued additional shares of stock making Krinos the company's controlling shareholder, and Krinos became Fordgate's sole officer and director.

70. On July 1, 2013, using information provided by Krinos, Fordgate filed with the Commission a press release on a Form 8-K announcing the acquisition of Fordgate by Krinos and its anticipated merger with Krinos Holdings and its subsidiaries. The Form 8-K was signed by Krinos.

71. The press release contained multiple material misrepresentations regarding the nature and scope of Krinos Holdings' business. For example, the press release falsely represented that Krinos Financial had approximately \$20 million in assets under management.

72. The press release also falsely represented that Krinos Holdings was a "diversified financial services firm designed to provide innovative financial advisory

services to individuals, businesses, and employees in both the private and public sectors” and that it offered “total financial advisory services in addition to and including insurance services, private equity and hedge fund management, wealth management, IRA administration, and estate coordination, trust and trustee services.” As discussed in more detail above, in reality, Krinos Holdings and its subsidiaries did not offer most of these services.

73. Fordgate also failed to make required annual and quarterly filings with the Commission for the periods ended June 30, 2013, September 30, 2013, December 31, 2013, March 31, 2014, and June 30, 2014.

H. KRINOS AND KRINOS FINANCIAL FILED A FALSE FORM ADV AND MISLED INVESTORS AND CLIENTS

74. Throughout 2012 and 2013, Krinos did business, and held himself out, as an investment adviser. For example, Krinos provided investment advice to at least several individuals, and was identified as an investment adviser on several accounts held at Company D and Company E, during this time.

75. Krinos also held several investment seminars, during this time, where he offered to teach attendees about how to “protect yourself and your retirement,” “increase your returns,” “reduc[e] risk, and navigat[e] today’s economy,” and solicited one-on-one meetings to discuss these objectives.

76. During this time, Krinos also advertised investment advisory and wealth management services on Krinos Holdings websites and on social media.

77. On September 28, 2012, Krinos filed a Form ADV with the Commission, on behalf of Krinos Financial Group, seeking registration as an investment adviser.

78. In the Form ADV, Krinos represented that he had a “reasonable expectation” that Krinos Financial would become eligible for registration by acquiring \$100 million in assets under management within 120 days. The application was granted, and Krinos Financial became registered as an investment adviser, on October 15, 2012.

79. In fact, Krinos did not have a reasonable expectation that Krinos Financial would obtain \$100 million in assets under management. At most, during the prior year, Krinos managed less than \$200,000 in assets for fewer than a dozen clients, and neither Krinos, nor Krinos Financial, were ever in a position to accumulate assets sufficient to meet the registration requirements.

80. In January, 2013, and April, 2013, Krinos was informed by Commission staff members that Krinos Financial was required to withdraw its registration because it did not have sufficient assets under management, but Krinos Financial did not withdraw its registration until October 3, 2013.

81. As noted in Paragraphs 71 and 72, the false press release that Krinos caused Fordgate to issue, misrepresented to current and potential clients of Krinos and Krinos Financial the amount of assets Krinos Financial managed and the scope of services it offered.

I. VIOLATIONS

82. As a result of the conduct described above, Krinos and Krinos Holdings willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

83. As a result of the conduct described above, Krinos and Krinos Holdings willfully violated Section 17(a)(1) of the Securities Act, which prohibits any person, in the offer or sale of any security, from employing any device, scheme, or artifice to defraud; Section 17(a)(2) of the Securities Act, which prohibits any person, in the offer or sale of any security, from obtaining money or property by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and Section 17(a)(3) of the Securities Act, which prohibits any person, in the offer or sale of any security, from engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

84. As a result of the conduct described above, Krinos willfully violated: Sections 206(1) and 206(2) of the Advisers Act, which make it unlawful for any investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, to employ any device, scheme, or artifice to defraud any client or prospective client, or to engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client; and Section 207 of the Advisers Act, which makes it unlawful for any person to willfully make any untrue statement of a material fact in any registration application or report filed with the Commission under Section 203, or 204, or to willfully omit to state in any such application or report any material fact which is required to be stated therein.

85. As a result of the conduct described above, Krinos aided and abetted and caused Krinos Financial's violations of Section 203A of the Advisers Act, which generally prohibits an adviser that is regulated or required to be regulated in the state in which it has its principal office and place of business from registering with the Commission, unless it has assets under management in excess of \$100 million or advises a registered investment company.

86. As a result of the conduct described above, Fordgate failed to comply with Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder, which requires issuers to file annual and quarterly reports with the Commission.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Krinos pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, and Section 203(k) of the Advisers Act, including, but not limited to, disgorgement and civil penalties pursuant to Sections 8A(e) and 8A(g) of the Securities Act, Sections 21B(e) and 21C(e) of the Exchange Act, and Sections 203(i) and 203(j) of the Advisers Act;

C. Whether, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, and Section 203(k) of the Advisers Act, Krinos should be ordered to cease and desist from committing or causing violations and any future violations of Section 17 of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 207 of the Advisers Act;

D. What, if any, remedial action is appropriate in the public interest against Krinos pursuant to Section 9(b) of the Investment Company Act;

E. What, if any, remedial action is appropriate in the public interest against Krinos Holdings pursuant to Section 8A of the Securities Act and 21C of the Exchange Act, including but not limited to, disgorgement pursuant to Section 8A of the Securities Act and Sections 21B and 21C of the Exchange Act;

F. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Krinos Holdings should be ordered to cease and desist from committing or causing violations and any future violations of Section 17 of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;

G. Whether it is necessary and appropriate for the protection of investors to suspend or revoke the registration of securities registered pursuant to Section 12 of the Exchange Act of Fordgate as described in Section II hereof;

H. Whether, pursuant to Section 21C of the Exchange Act, Fordgate should be ordered to cease and desist from committing or causing violations and any future violations of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder;

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary