

INITIAL DECISION RELEASE NO. 740
ADMINISTRATIVE PROCEEDING
FILE NO. 3-15746

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

In the Matter of : INITIAL DECISION MAKING FINDINGS
: AND IMPOSING SANCTION BY DEFAULT
ROY DIXON, JR. : January 27, 2015

APPEARANCES: Robert M. Moye and Jedediah B. Forkner for the
Division of Enforcement, Securities and Exchange Commission

Respondent Roy Dixon, Jr., *pro se*

BEFORE: Carol Fox Foelak, Administrative Law Judge

SUMMARY

This Initial Decision bars Roy Dixon, Jr. (Dixon), from the securities industry.

I. BACKGROUND

The Securities and Exchange Commission (Commission) instituted this proceeding with an Order Instituting Proceedings (OIP) on February 11, 2014, pursuant to Sections 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and 203(f) of the Investment Advisers Act of 1940 (Advisers Act). The proceeding is a follow-on proceeding based on *SEC v. Onyx Capital Advisors, LLC*, No. 2:10-cv-11633 (E.D. Mich. Jan. 31, 2014), in which Dixon was enjoined against violations of the antifraud provisions of the federal securities laws. To date, Dixon has failed to file an Answer to the OIP, due on December 29, 2014. *See Roy Dixon, Jr.*, Admin. Proc. Rulings Release No. 2154, 2014 SEC LEXIS 4870 (Dec. 19, 2014); 17 C.F.R. § 201.220(b). Accordingly, he has failed to answer or otherwise to defend the proceeding within the meaning of 17 C.F.R. § 201.155(a)(2). Therefore, Dixon is in default, and the undersigned finds that the allegations in the OIP are true.¹ *See* OIP at 3; 17 C.F.R. §§ 201.155(a), .220(f).

¹ Dixon was warned that if he failed to file an Answer within the time provided, he would be deemed to be in default, and the undersigned would enter an order barring him from the securities industry. *Roy Dixon, Jr.*, 2014 SEC LEXIS 4870. Additionally, the Division of Enforcement has filed a motion for default.

II. FINDINGS OF FACT

Dixon is permanently enjoined against violation of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder. *SEC v. Onyx Capital Advisors, LLC*, ECF No. 147.² He was also ordered, jointly and severally with Onyx Capital Advisors, LLC (Onyx Capital), a Detroit, Michigan, private equity firm that he owned and controlled, to pay disgorgement of \$3,112,343 plus prejudgment interest and a civil penalty of \$3,112,343. *Id.*

Dixon, age fifty, resides in Atlanta, Georgia. From at least 2007 to 2010, Dixon acted as an unregistered investment advisor to three public pension funds that invested in the Onyx Capital Advisory Fund I, LP (Onyx Fund). From at least 2007 to 2010, Dixon was also employed as a registered representative at Professional Asset Management, Inc., a Bloomfield Hills, Michigan, broker-dealer. He held the following FINRA licenses: Investment Company/Variable Contracts Products Limited Representative (Series 6) and General Securities Representative (Series 7).

In the conduct underlying *SEC v. Onyx Capital Advisors*, Dixon and Onyx Capital misappropriated more than \$3.11 million from the Onyx Fund – \$2.06 million under the guise of management fees and an additional \$1.05 million that was ostensibly invested in Dixon’s friend’s used car businesses. Further, Dixon and Onyx Capital made numerous false and misleading statements to the pension funds. For example, Dixon and Onyx Capital sent a forged letter to one of the pension funds misrepresenting the principals of Onyx Capital. Dixon and Onyx Capital also issued false and misleading capital calls to the public pension funds and misrepresented the amount of management fees they had taken. Dixon himself made material misrepresentations to the public pension funds that invested in the Onyx Fund, and Dixon himself misappropriated money from the Onyx Fund.

III. CONCLUSIONS OF LAW

Dixon has been permanently enjoined “from engaging in or continuing any conduct or practice in connection with any such activity” as a broker, dealer, or investment adviser within the meaning of Sections 15(b)(4)(C) and 15(b)(6) of the Exchange Act and 203(e)(4) and 203(f) of the Advisers Act.

IV. SANCTION

Dixon will be barred from the securities industry, as the Division of Enforcement requests. This sanction will serve the public interest and the protection of investors, pursuant to Sections 15(b) of the Exchange Act and 203(f) of the Advisers Act, and accords with

² Official notice, pursuant to 17 C.F.R. § 201.323, is taken of the docket report and the court’s orders in *SEC v. Onyx Capital Advisors, LLC*.

Commission precedent and the sanction considerations set forth in *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981). As described in the Findings of Fact, Dixon's unlawful conduct was recurring over a period of years, egregious, and involved a high degree of scienter. His dishonesty even included forgery. His misconduct resulted in unlawful gains of millions of dollars that he misappropriated from public pension funds while concealing his misappropriations with misrepresentations. Because of the Commission's obligation to ensure honest securities markets, an industry-wide bar is appropriate.

V. ORDER

IT IS ORDERED that, pursuant to Sections 15(b) of the Securities Exchange Act of 1934 and 203(f) of the Investment Advisers Act of 1940, ROY DIXON, JR., IS BARRED from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participating in an offering of penny stock.³

This Initial Decision shall become effective in accordance with and subject to the provisions of Rule 360 of the Commission's Rules of Practice, 17 C.F.R. § 201.360. Pursuant to that Rule, a party may file a petition for review of this Initial Decision within twenty-one days after service of the Initial Decision. A party may also file a motion to correct a manifest error of fact within ten days of the Initial Decision, pursuant to Rule 111 of the Commission's Rules of Practice, 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then that party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact. The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the Initial Decision as to a party. If any of these events occur, the Initial Decision shall not become final as to that party.⁴

Carol Fox Foelak
Administrative Law Judge

³ Thus, he will be barred from acting as a promoter, finder, consultant, or agent; or otherwise engaging in activities with a broker, dealer, or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock, pursuant to Exchange Act Section 15(b)(6)(A), (C).

⁴ A respondent may also file a motion to set aside a default pursuant to 17 C.F.R. § 201.155(b). See *David Mura*, Exchange Act Release No. 72080, 2014 SEC LEXIS 1530 (May 2, 2014); *Alchemy Ventures, Inc.*, Exchange Act Release No. 70708, 2013 SEC LEXIS 3459, at *13-14 & n.28 (Oct. 17, 2013).