

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

ADMINISTRATIVE PROCEEDINGS RULINGS
Release No. 3903/June 8, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17049

In the Matter of :
: :
RAHFCO MANAGEMENT GROUP, LLC : ORDER

The Securities and Exchange Commission instituted this proceeding with an Order Instituting Proceedings on January 13, 2016, pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940. The proceeding is a follow-on proceeding based on *SEC v. Hansen*, No. 1:13-cv-1403 (S.D.N.Y. Dec. 21, 2015), *appeal dismissed*, No. 16-74 (2d Cir. Mar. 16, 2016), in which Respondent RAHFCO Management Group, LLC, was enjoined against violations of the antifraud and registration provisions of the federal securities statutes. Randal Hansen, a partner of RAHFCO, has appeared on its behalf in this proceeding. A prehearing conference was held on March 29, 2016, at which the Division of Enforcement advised that it was seeking associational bars against RAHFCO, and both parties agreed that RAHFCO is defunct. Tr. 29-30.

At the prehearing conference the Division advised that it had taken steps to provide its complete investigative file to Hansen, who is incarcerated at Duluth FPC,¹ in compliance with 17 C.F.R. § 201.230 (Rule 230)² and the Commission's rulings in *Byron S. Rainer*, Exchange Act Release No. 59040, 2008 SEC LEXIS 2840, at *4-7 (Dec. 2, 2008), and *José P. Zollino*, Exchange Act Release No. 51632, 2005 SEC LEXIS 987, at *7-10 (Apr. 29, 2005). Hansen confirmed that the file, contained on a thumb drive, had arrived at Duluth FPC, and he expected to receive it shortly. *RAHFCO Mgmt. Grp., LLC*, Admin. Proc. Rulings Release No. 3744 (A.L.J. Mar. 29, 2016). Based on the foregoing and on the assumption that Hansen would have "a reasonable amount of time to review the investigative file before being required to file any pleadings," the undersigned granted the Division leave, pursuant to Rule 250, to file a motion for summary

¹ See *United States v. Hansen*, No. 13-cr-40053 (D.S.D. June 10, 2014), *aff'd*, 791 F.3d 863 (8th Cir. 2015), *rehearing en banc denied*, 2015 U.S. App. LEXIS 13839 (Aug. 6, 2015), *cert. denied*, 136 S. Ct. 698 (2015).

² Commission Rules applicable to administrative proceedings such as this one are available on the Commission's public website at <http://www.sec.gov/about/rulesprac2006.pdf>.

disposition, due May 2, 2016, with RAHFCO's opposition and the Division's reply due June 13 and 24, 2016, respectively. *Id.*; see also *Byron S. Rainer*, 2008 SEC LEXIS 2840, at *7; *José P. Zollino*, 2005 SEC LEXIS 987, at *10; 17 C.F.R. § 201.250.

Hansen has advised in recent correspondence that he was finally able to access the file on May 11, that he is allowed one hour a day to review the file, and that the guard who oversees his review of the file was on vacation for several days. As of May 20, 2016, a second thumb drive containing an index of the documents in the file had arrived, but Hansen did not yet know whether and when he would have access to it.

In light of the above, and consistent with Rule 161 and with the Commission's rulings in the *Rainer* and *Zollino* cases, at this time, the due date for the opposition will be postponed to July 15, 2016, and for the Division's reply to July 22, 2016.

It must be stressed that Hansen must have "a reasonable amount of time to review the investigative file before being required to file any pleadings." *Byron S. Rainer*, 2008 SEC LEXIS 2840, at *7; *José P. Zollino*, 2005 SEC LEXIS 987, at *10. In light of the conditions imposed on Hansen's ability to review the file, it is unlikely that he will have "a reasonable amount of time" to do so in the foreseeable future. It is also noted, with reference to the so-called *Steadman* factors³ that must be considered in determining sanctions, the fact that RAHFCO is defunct means that "the likelihood that [its] occupation will present opportunities for future violations" is nil. The Division may wish to seek dismissal of the proceeding.

IT IS SO ORDERED.

/s/ Carol Fox Foelak
Carol Fox Foelak
Administrative Law Judge

³ In determining sanctions, the Commission considers such factors as:

the egregiousness of the [respondent's] actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the [respondent's] assurances against future violations, the [respondent's] recognition of the wrongful nature of his conduct, and the likelihood that the [respondent's] occupation will present opportunities for future violations.

Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979) (quoting *SEC v. Blatt*, 583 F.2d 1325, 1334 n.29 (5th Cir. 1978)).