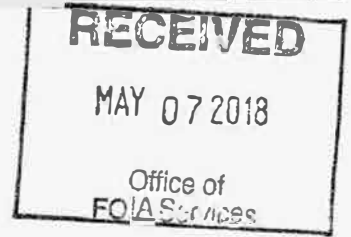


foiapa

part 8 of 10

From: Tarun Patel [REDACTED]
Sent: Monday, May 07, 2018 3:24 PM
To: foiapa
Subject: Re: Request for Administrative Proceedings



Hello,

Sorry. I am looking for the documentation that would typically be available on the SEC website. Example. Especially for the proceedings prior to 1995.

Thank you,

On Mon, May 7, 2018 at 12:18 PM, foiapa <foiapa@sec.gov> wrote:

What exactly are you asking for?

From: Tarun Patel [REDACTED]
Sent: Monday, May 07, 2018 3:01 PM
To: foiapa <foiapa@sec.gov>
Subject: Request for Administrative Proceedings

Hello,

I am a PhD student at the University of Washington working with misconduct claims against broker-dealers and IARs.

I am collecting details about the civil and regulatory actions these advisers face, and there are a few that I had difficulty collecting from the sec.gov website. I was wondering if the SEC had additional details.

I have listed what I know about these cases (from FINRA's website) below:

CRD	Adviser Name	Date	Document Number	Details
1394949	Phl1p H. Brown, II	4/18/1995	3-86725	

Thank you very much for the assistance!

Best,

Tarun D. Patel

PhD Student
Department of Finance and Business Economics
Michael G. Foster School of Business - University of Washington
351 Mackenzie Hall
Seattle, WA 98195-3226



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
STATION PLACE
100 F STREET, NE
WASHINGTON, DC 20549-2465

Office of FOIA Services

July 6, 2018

Mr. Tarun D. Patel
Department of Finance and Business Economics
Michael G. Foster School of Business - University
351 Mackenzie Hall
Seattle, WA 98195-3226

RE: Freedom of Information Act (FOIA), 5 U.S.C. § 552
Request No. 18-01923-FOIA

Dear Mr. Patel:

This letter is in response to your request, dated and received in this office on May 7, 2018, seeking access to documentation that would typically be available on the SEC website. Specifically, you requested details about civil and regulatory actions regarding Philip H. Brown, II, (3-8672).

The search for responsive records has resulted in the retrieval of 25 pages of records that may be responsive to your request. They are being provided to you with this letter.

There are no fees associated with the processing of this request. If you have any questions, please contact me at churchmant@sec.gov or (202) 551-8330. You may also contact me at foiapa@sec.gov or (202) 551-7900. You also have the right to seek assistance from Dave Henshall as a FOIA Public Liaison or contact the Office of Government Information Services (OGIS) for dispute resolution services. OGIS can be reached at 1-877-684-6448 or Archives.gov or via e-mail at ogis@nara.gov.

Sincerely,

Tina Churchman

Tina Churchman
FOIA Research Specialist

Enclosures

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 1484 / April 18, 1995

ADMINISTRATIVE PROCEEDING
File No. 3-8672

SECURITIES & EXCHANGE COMM.
MAILED FOR SERVICE

APR 20 1995

CTFD. NO. 804564-528

In the Matter of

MERIDIAN INVESTMENT COMPANY,

PHILIP H. BROWN, II and

CRAIG A. MOYER,

Respondents.

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

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that administrative proceedings be instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against Meridian Investment Company ("Meridian Investment Company"), an investment adviser registered with the Commission pursuant to Section 203 of the Advisers Act, and against Philip H. Brown, II ("Brown") and Craig A. Moyer ("Moyer") pursuant to Section 203(k) of the Advisers Act.

In anticipation of the institution of these administrative proceedings, MIC, Brown and Moyer have submitted Offers of Settlement ("Offers") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceeding brought by or on behalf of the Commission or in which the Commission is a party, and without admitting or denying the findings contained herein, except for those set forth in paragraphs II.A. through II.E. below, which are admitted, MIC, Brown and Moyer, by their Offers, consent to entry of this Order and the findings and the imposition of the remedial sanctions set forth below.

Accordingly, **IT IS ORDERED** that proceedings against MIC, Brown and Moyer be, and hereby are, instituted.

II.

On the basis of this Order and the Offers submitted by MIC, Brown, and Moyer, the Commission finds that:^{1/}

^{1/} The findings in this proceeding are not binding upon any respondent or defendant in any related proceeding.

A. MIC is an investment adviser located in Malvern, Pennsylvania, and has been registered with the Commission since February 20, 1985. MIC is a wholly owned subsidiary of Meridian Asset Management ("Meridian Asset"). As of March 1993, MIC had approximately \$6 billion in assets under management.

B. Brown has been the President and Chief Investment Officer of MIC since its formation in 1985.

C. Moyer is an MIC Senior Investment Manager. In September 1989, Moyer was the Senior Fixed Income Manager of MIC.

D. MIC provides investment advisory services to, among others, the Meridian Trust Employee Benefit Fixed Income Fund ("Fixed Income Fund") and the Meridian Trust Employee Benefit Equity Fund ("Equity Fund"), both collective trust funds in the custody of Meridian Trust Company ("Meridian Trust"), another Meridian Asset subsidiary. These services are provided by MIC pursuant to a written agreement between Meridian Asset and Meridian Trust.

E. On September 13, 1989, MIC invested \$3,959,100 in client funds in debentures issued by Safe Harbor Marina, Inc. ("Safe Harbor"), to fund a marina construction project ("the marina") near Erie, Pennsylvania. Of the amount invested, approximately \$2.3 million was provided by the Equity Fund while approximately \$1.6 million was provided by the Fixed Income Fund. Brown, MIC's president and chief investment officer, along with the president of both Meridian Asset and Meridian Trust, approved MIC's investment in the Safe Harbor debentures.

F. The opportunity to invest in the Safe Harbor debentures was brought to MIC's attention by a then vice-president of MIC whose principal responsibility was the introduction of MIC to potential new clients. In connection with the making of the investment, the developer of the marina asserted to the former vice-president that if MIC would fund the construction of the marina, in return, the developer would endeavor to arrange through his political contacts the opportunity for MIC to manage \$300 million in pension equity funds from the Pennsylvania State Employees Retirement System (hereinafter referred to as the "state pension fund business"). The former vice president told Brown and Moyer that investment in the marina by MIC might enhance the opportunity for MIC to obtain the state pension fund business. Brown delegated to the former vice president substantial responsibility for due diligence investigation of the investment and the negotiation of contractual instruments to effectuate the investment. The former vice-president left MIC in March 1990.

G. In making the Safe Harbor investment, MIC failed to disclose its economic self-interest in the investment. In addition, Brown and Moyer failed to take steps to fully ascertain the potential for conflict of interest between MIC and its clients and cause MIC to disclose its economic self-interest in the investment.

H. MIC never received the state pension fund business. Construction of the marina was plagued by significant delays and cost overruns. Funds were depleted prior to the completion of construction, requiring Meridian Asset to lend an additional \$105,000 to Safe Harbor. As a result of missed principal and interest payments, MIC's investment in the debentures was written down by Meridian Asset in November 1990 to approximately \$1.8 million. The marina was completed and opened for business in September 1991, approximately seventeen months behind schedule. In April 1992, Meridian Asset, the parent company of MIC, purchased Safe Harbor's debentures from the Fixed Income and Equity Funds for approximately \$4.7 million, which represented the unpaid principal balance plus accrued but unpaid interest, and thus made the funds whole.

I. Based on the foregoing, MIC willfully violated Sections 206(1) and 206(2) of the

Advisers Act in that MIC, by use of the mails and the means and instrumentalities of interstate commerce, directly and indirectly, employed devices, schemes and artifices to defraud clients and prospective clients, and engaged in transactions, practices and courses of business which operated as a fraud or deceit upon such clients or prospective clients.

J. Based on the foregoing, Brown was a cause of MIC's violations of Sections 206(1) and 206(2) of the Advisers Act.

K. Based on the foregoing, Moyer was a cause of MIC's violations of Sections 206(1) and 206(2) of the Advisers Act.

III.

On the basis of the foregoing, the Commission deems it appropriate and in the public interest to impose the cease and desist order specified in the Offers submitted by MIC, Brown and Moyer.

Accordingly, **IT IS HEREBY ORDERED** that:

A. Pursuant to Section 203(k) of the Advisers Act, MIC, Brown, and Moyer shall cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act.

B. Pursuant to Sections 203(e) and 203(k) of the Advisers Act, MIC shall comply with the following undertakings:

1. MIC shall retain the services of a special review person who is acceptable to the staff of the Commission. Such special review person shall be retained by MIC and his or her compensation and expenses shall be borne exclusively by MIC. MIC shall arrange for the special review person to review and to make recommendations concerning the adequacy of MIC's policies and procedures relating to transactions or practices that involve a potential or actual conflict of interest with clients, such as the subject matter of this proceeding.

2. MIC shall provide the staff of the Commission, no later than thirty (30) days from the entry of the Order, with a copy of an engagement letter detailing the scope of the special review person's responsibilities pursuant to sub-paragraph B. 1. above.

3. MIC shall arrange for the special review person to make his or her recommendations in the form of a report which shall set forth in detail the nature and scope of the review conducted, as well as the recommendations of the special review person. MIC shall cooperate fully with the special review person and shall provide such person with access to its files, books, records, and personnel as reasonably requested for such person's review.

4. MIC shall take all necessary and appropriate steps to adopt and to implement all recommendations made by the special review person. MIC shall compile a compliance manual containing the policies and procedures adopted and implemented pursuant to the recommendations made by the special review person, along with existing policies and procedures to the extent that the special review person has not recommended that the latter be revised. MIC shall make available copies of the compliance manual to its employees and familiarize them with the policies and procedures set forth in this compliance manual. In addition, for the next five years, MIC shall maintain and make available at MIC's offices for inspection by the Commission's staff a copy of the MIC compliance manual.

5. MIC shall require the special review person to complete the review and to submit the report described in sub-paragraph B. 3. above to MIC no later than ninety (90) days from the entry of the Order. A copy of the report shall be provided to the Commission's staff at the same time the report is delivered to MIC. MIC may apply to the staff of the Commission for an extension of this deadline and, upon a showing of good cause by MIC, the staff of the Commission may grant such extension for whatever time period it deems appropriate, but in no event shall the review be completed and the report submitted to MIC more than one hundred thirty-five (135) days from the date of the Order.

6. Upon performance of all the undertakings contained herein, MIC shall deliver an affidavit to the Commission's staff stating that it has complied with the terms of the undertakings. Said affidavit shall detail how MIC has complied with the terms and undertakings, and be delivered to the Commission's staff no later than sixty (60) days from the date of completion of the review by the special review person.

7. MIC shall mail a copy of this Order, together with a cover letter in a form not unacceptable to the staff of the Commission, to all of its clients by registered or certified mail, return receipt requested, within thirty (30) days from the date of this Order. For purposes of this undertaking, the term "clients" means any corporation, investment company, partnership, trust or other entity or individual who is a party to an (i) investment advisory contract with MIC, or (ii) an advisory or other contract with Meridian Trust or Meridian Asset, and MIC provides advisory services to such party by reason of its relationship with Meridian Trust or Meridian Asset.

By the Commission.



Jonathan G. Katz
Secretary

Service List

Rule 23 of the Commission's Rules of Practice provides that all amendments to moving papers, all answers, all motions or applications made in the course of a proceeding (unless made orally during a hearing), all proposed findings and conclusions, all petitions for review of any initial decision, and all briefs shall be filed with the Commission and shall be served upon all other parties to the proceeding including the interested Division of the Commission.

The attached ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 203(e) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS AND CEASE AND DESIST ORDER has been sent to the following parties and other persons entitled to notice:

The Honorable Brenda P. Murray
Chief Administrative Law Judge
Securities and Exchange Commission
450 Fifth Street, N.W., Stop 7-7
Washington, D.C. 20549

Donald M. Hoerl
District Administrator
Securities and Exchange Commission
Philadelphia District Office
The Curtis Center, Suite 1005E
601 Walnut Street
Philadelphia, Pennsylvania 19106

David P. Mathews
Securities and Exchange Commission
Division of Enforcement
450 Fifth Street, N.W., Stop 4-8B
Washington, D.C. 20549

Craig A. Moyer
403 Williamsalesbury Drive
Downingtown, PA 19355

Philip H. Brown, II
101 Grandview Rd.
Springfield, PA 19064

Philip H. Brown, II
c/o Meridian Investment Company
55 Valley Stream Parkway
Malvern, PA 19355

Joseph M. Harenza, Esquire
Stevens & Lee
111 North Sixth Street, P.O. Box 679
Reading, PA 19603-0679

John Sturc, Esquire
Gibson, Dunn & Crutcher
1050 Connecticut Avenue, N.W.
Washington, D.C, 20036-5306

**ADMINISTRATIVE PROCEEDING
File No.**

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

In the Matter of

MERIDIAN INVESTMENT COMPANY, :

PHILIP H. BROWN, II, and :

CRAIG A. MOYER, :

Respondents. :

OFFER OF SETTLEMENT OF
MERIDIAN INVESTMENT COMPANY

I.

Meridian Investment Company ("MIC"), pursuant to Rule 8(a) of the Securities and Exchange Commission's ("Commission") Rules of Practice, hereby submits the following Offer of Settlement ("Offer") in anticipation of the institution by the Commission of public administrative proceedings against it pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act").

II.

Except as provided in Section VI. H. below: (a) this Offer is submitted only for the purpose of settlement of this proceeding, with the express understanding that it will not be used in any way in said proceeding unless the Offer is accepted by the Commission as hereinafter set forth; and (b) if this Offer is not accepted by the Commission, the Offer is withdrawn without prejudice to MIC and neither the Offer, nor any part of it, shall become a part of the record, or be referred to, in this or any other proceeding.

III.

On the basis of the foregoing, MIC hereby:

A. Admits the jurisdiction of the Commission over it and over the matters set forth in the Order Instituting Public Proceedings, Making Findings and Imposing Remedial Sanctions and Cease and Desist Order ("Order").

B. Consents, solely for the purposes of this proceeding and any other proceeding brought by or on behalf of the Commission or to which the Commission is a party, and without admitting or denying the findings contained in the Order, except for the findings set forth in

subparagraphs B. 1. through B. 5. below, which are admitted, to the entry of the Order by the Commission which makes the following findings:

1. MIC is an investment adviser located in Malvern, Pennsylvania, and has been registered with the Commission since February 20, 1985. MIC is a wholly owned subsidiary of Meridian Asset Management ("Meridian Asset"). As of March 1993, MIC had approximately \$6 billion in assets under management.
2. Phillip H. Brown, II ("Brown") has been the President and Chief Investment Officer of MIC since its formation in 1985.
3. Craig A. Moyer ("Moyer") is a MIC Senior Investment Manager. In September 1989, Moyer was the Senior Fixed Income Manager of MIC.
4. MIC provides investment advisory services to, among others, the Meridian Trust Employee Benefit Fixed Income Fund ("Fixed Income Fund") and the Meridian Trust Employee Benefit Equity Fund ("Equity Fund"), both collective trust funds in the custody of Meridian Trust Company ("Meridian Trust"), another Meridian Asset subsidiary. These services are provided by MIC pursuant to a written agreement between Meridian Asset and Meridian Trust.
5. On September 13, 1989, MIC invested \$3,959,100 in client funds in debentures issued by Safe Harbor Marina, Inc. ("Safe Harbor"), to fund a marina construction project ("the marina") near Erie, Pennsylvania. Of the amount invested, approximately \$2.3 million was provided by the Equity Fund while approximately \$1.6 million was provided by the Fixed Income Fund. Brown, MIC's president and chief investment officer, along with the president of both Meridian Asset and Meridian Trust, approved MIC's investment in the Safe Harbor debentures.
6. The opportunity to invest in the Safe Harbor debentures was brought to MIC's attention by a former vice president of MIC whose principal responsibility was the introduction of MIC to potential new clients. In connection with the making of the investment, the developer of the marina asserted to the former employee that if MIC would fund the construction of the marina, in return, the developer would endeavor to arrange through his political contacts the opportunity for MIC to manage \$300 million in pension equity funds from the Pennsylvania State Employees Retirement System (hereinafter referred to as the "state pension fund business."). The former employee told Brown and Moyer that investment in the marina by MIC might enhance the opportunity for MIC to obtain the state pension fund business. Brown delegated to the former vice president substantial responsibility for due diligence investigation of the investment and the negotiation of contractual instruments to effectuate the investment.
7. In making the Safe Harbor investment, MIC failed to disclose its economic self-interest in the investment. In addition, Brown and Moyer failed to take steps to fully ascertain the potential for conflict of interest between MIC and its clients and cause MIC to disclose its economic self-interest in the investment.
8. MIC never received the state pension fund business. Construction of the marina was plagued by significant delays and cost overruns. Funds were depleted prior to the completion of construction, requiring Meridian Asset to lend an additional \$105,000 to Safe Harbor. As a result of missed principal and interest payments, MIC's investment in the debentures was written down by Meridian Asset in November 1990 to approximately

\$1.8 million. The marina was completed and opened for business in September 1991, approximately seventeen months behind schedule. In April 1992, Meridian Asset, the parent company of MIC, purchased Safe Harbor's debentures from the Fixed Income and Equity Funds for approximately \$4.7 million, which represented the unpaid principal balance plus accrued but unpaid interest, and thus made the funds whole.

9. Based on the foregoing, MIC willfully violated Sections 206(1) and 206(2) of the Advisers Act in that MIC, by use of the mails and the means and instrumentalities of interstate commerce, directly and indirectly, employed devices, schemes and artifices to defraud clients and prospective clients, and engaged in transactions, practices and courses of business which operated as a fraud or deceit upon such clients or prospective clients.

10. Based on the foregoing, Brown was a cause of MIC's violations of Sections 206(1) and 206(2) of the Advisers Act.

11. Based on the foregoing, Moyer was a cause of MIC's violations of Sections 206(1) and 206(2) of the Advisers Act.

C. Consents to the entry of the Order by the Commission which:

1. Orders MIC, pursuant to Section 203(k) of the Advisers Act, to cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act.

2. Orders MIC, pursuant to Sections 203(e) and 203(k) of the Advisers Act, to perform and to implement the undertakings as detailed below in paragraph IV.

IV.

As part of this Offer, MIC agrees to undertake to perform and to implement the following:

A. MIC shall retain the services of a special review person who is acceptable to the staff of the Commission. Such special review person shall be retained by MIC and his or her compensation and expenses shall be borne exclusively by MIC. MIC shall arrange for the special review person to review and to make recommendations concerning the adequacy of MIC's policies and procedures relating to transactions or practices that involve a potential or actual conflict of interest with clients, such as the subject matter of this proceeding.

B. MIC shall provide the staff of the Commission, no later than thirty (30) days from the entry of the Order, with a copy of an engagement letter detailing the scope of the special review person's responsibilities pursuant to paragraph IV. A. above.

C. MIC shall arrange for the special review person to make his or her recommendations in the form of a report which shall set forth in detail the nature and scope of the review conducted, as well as the recommendations of the special review person. MIC shall cooperate fully with the special review person and shall provide such person with access to its files, books, records, and personnel as reasonably requested for such person's review.

D. MIC shall take all necessary and appropriate steps to adopt and to implement all recommendations made by the special review person. MIC shall compile a compliance manual containing the policies and procedures adopted and implemented pursuant to the recommendations made by the special review person, along with existing policies and procedures to the extent that

the special review person has not recommended that the latter be revised. MIC shall make available copies of the compliance manual to its employees and familiarize them with the policies and procedures set forth in this compliance manual. In addition, for the next five years, MIC shall maintain and make available at MIC's offices for inspection by the Commission's staff a copy of the MIC compliance manual.

E. MIC shall require the special review person to complete the review and to submit the report described in paragraph IV. C. above to MIC no later than ninety (90) days from the entry of the Order. A copy of the report shall be provided to the Commission's staff at the same time the report is delivered to MIC. MIC may apply to the staff of the Commission for an extension of this deadline and, upon a showing of good cause by MIC, the staff of the Commission may grant such extension for whatever time period it deems appropriate, but in no event shall the review be completed and the report submitted to MIC more than one hundred thirty-five (135) days from the date of the Order.

F. Upon performance of all the undertakings contained herein, MIC shall deliver an affidavit to the Commission's staff stating that it has complied with the terms of the undertakings. Said affidavit shall detail how MIC has complied with the terms and undertakings, and be delivered to the Commission's staff no later than sixty (60) days from the date of completion of the review by the special review person.

G. MIC shall mail a copy of the Commission's Order, together with a cover letter in a form not unacceptable to the staff of the Commission, to all of its clients by registered or certified mail, return receipt requested, within thirty (30) days from the date of the Order. For purposes of this undertaking, the term "clients," means any corporation, investment company, partnership, trust or other entity who is a party to an (i) investment advisory contract with MIC, or (ii) an advisory or other contract with Meridian Trust or Meridian Asset, and MIC provides advisory services to such party by reason of its relationship with Meridian Trust or Meridian Asset.

V.

Respondent MIC understands that it is the Commission's policy, set forth in 17 C.F.R. §202.5(e), not to permit a respondent to consent to an order that imposes a sanction while denying the allegations and findings contained in the order. Respondent further understands that the Commission's acceptance of the settlement in this matter is based upon compliance with this policy by the Respondent.

VI.

Respondent MIC hereby waives:

- A. Service of an order for proceedings and the filing of an answer thereto;
- B. All hearings or opportunities for hearings pursuant to Sections 203(e) and 203(k) of the Advisers Act;
- C. The filing of proposed Findings of Fact and Conclusions of Law;
- D. An initial decision by an Administrative Law Judge pursuant to Rule 16(b) of the Commission's Rules of Practice [17 C.F.R. §201.16(b)], and exceptions and briefs with respect thereto;

E. All post-hearing procedures pursuant to Rules 16 and 17 of the Commission's Rules of Practice [17 C.F.R. §§201.16 and 201.17];

F. Judicial review by any court;

G. Such provisions of the Commission's Rules of Practice as may be construed to prevent any member of the Commission's staff from participating in the preparation of, or advising the Commission as to, the order, opinion, findings of fact, or conclusion of law to be entered pursuant to this Offer; and

H. Any right to claim bias or prejudgment by the Commission based upon any discussion among the members of the Commission, its staff, or between the Commission and the staff concerning this Offer of Settlement or settlement of all or any part of this matter on any terms.

VII.

Respondent hereby declares and represents that: (i) it has read the foregoing Offer; (ii) it understands that final acceptance by the Commission of this Offer will only be by its Findings and Order and Opinion, if any, issued in this proceeding; and (iii) this Offer is a voluntary act on its part and no promises, offers, threats, or inducements of any kind or nature have been made by the Commission, or any member, officer, agent or representative thereof, to influence it to submit this Offer.

Respectfully submitted,

Meridian Investment Company

By: Joseph E. Stoeke

Joseph E. Stoeke
Senior Investment Manager
Meridian Investment Company

Dated: 11/28/94

RESOLUTION

RESOLVED, that Joseph E. Stocke, the Senior Investment Mgr. of Meridian Investment Company, ("MIC"), be, and hereby is authorized on behalf of MIC, to tender and enter into an Offer Of Settlement, and to execute on behalf of MIC andy and all documents as may be required in implementation of a settlement of public administrative and cease and desist proceedings instituted by the Securities and Exchange Commission against MIC.

CERTIFICATE

I, Joseph E. Stocke, the Senior Investment Mgr of MIC, hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Directors of MIC by unanimous consent on November 15, 1994, and that said resolution has not been rescinded or modified and is in full force and effect.


Joseph E. Stocke

Dated: 11/28/94

**ADMINISTRATIVE PROCEEDING
File No.**

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

In the Matter of

MERIDIAN INVESTMENT COMPANY,

PHILIP H. BROWN, II, and

CRAIG A. MOYER,

Respondents.

OFFER OF SETTLEMENT OF
PHILIP H. BROWN, II

I.

Philip H. Brown, II ("Brown"), pursuant to Rule 8(a) of the Securities and Exchange Commission's ("Commission") Rules of Practice, hereby submits the following Offer of Settlement ("Offer") in anticipation of the institution by the Commission of public administrative proceedings against him pursuant to Section 203(k) of the Investment Advisers Act of 1940 ("Advisers Act").

II.

Except as provided in Section V. H. below: (a) this Offer is submitted only for the purpose of settlement of this proceeding, with the express understanding that it will not be used in any way in said proceeding unless the Offer is accepted by the Commission as hereinafter set forth; and (b) if this Offer is not accepted by the Commission, the Offer is withdrawn without prejudice to Brown and neither the Offer, nor any part of it, shall become a part of the record, or be referred to, in this or any other proceeding.

III.

On the basis of the foregoing, Brown hereby:

A. Admits the jurisdiction of the Commission over him and over the matters set forth in the Order Instituting Public Proceedings, Making Findings and Imposing Remedial Sanctions and Cease and Desist Order ("Order").

B. Consents, solely for the purposes of this proceeding and any other proceeding brought by or on behalf of the Commission or to which the Commission is a party, and without admitting or denying the findings contained in the Order, except for the findings set forth in

subparagraphs B. 1. through B. 5. below, which are admitted, to the entry of the Order by the Commission which makes the following findings:

1. Meridian Investment Company ("MIC") is an investment adviser located in Malvern, Pennsylvania, and has been registered with the Commission since February 20, 1985. MIC is a wholly owned subsidiary of Meridian Asset Management ("Meridian Asset"). As of March 1993, MIC had approximately \$6 billion in assets under management.
2. Brown has been the President and Chief Investment Officer of MIC since its formation in 1985.
3. Craig A. Moyer ("Moyer") is a MIC Senior Investment Manager. In September 1989, Moyer was the Senior Fixed Income Manager of MIC.
4. MIC provides investment advisory services to, among others, the Meridian Trust Employee Benefit Fixed Income Fund ("Fixed Income Fund") and the Meridian Trust Employee Benefit Equity Fund ("Equity Fund"), both collective trust funds in the custody of Meridian Trust Company ("Meridian Trust"), another Meridian Asset subsidiary. These services are provided by MIC pursuant to a written agreement between Meridian Asset and Meridian Trust.
5. On September 13, 1989, MIC invested \$3,959,100 in client funds in debentures issued by Safe Harbor Marina, Inc. ("Safe Harbor"), to fund a marina construction project ("the marina") near Erie, Pennsylvania. Of the amount invested, approximately \$2.3 million was provided by the Equity Fund while approximately \$1.6 million was provided by the Fixed Income Fund. Brown, MIC's president and chief investment officer, along with the president of both Meridian Asset and Meridian Trust, approved MIC's investment in the Safe Harbor debentures.
6. The opportunity to invest in the Safe Harbor debentures was brought to MIC's attention by a former vice president of MIC whose principal responsibility was the introduction of MIC to potential new clients. In connection with the making of the investment, the developer of the marina asserted to the former employee that if MIC would fund the construction of the marina, in return, the developer would endeavor to arrange through his political contacts the opportunity for MIC to manage \$300 million in pension equity funds from the Pennsylvania State Employees Retirement System (hereinafter referred to as the "state pension fund business."). The former employee told Brown and Moyer that investment in the marina by MIC might enhance the opportunity for MIC to obtain the state pension fund business. Brown delegated to the former vice president substantial responsibility for due diligence investigation of the investment and the negotiation of contractual instruments to effectuate the investment.
7. In making the Safe Harbor investment, MIC failed to disclose its economic self-interest in the investment. In addition, Brown and Moyer failed to take steps to fully ascertain the potential for conflict of interest between MIC and its clients and cause MIC to disclose its economic self-interest in the investment.
8. MIC never received the state pension fund business. Construction of the marina was plagued by significant delays and cost overruns. Funds were depleted prior to the completion of construction, requiring Meridian Asset to lend an additional \$105,000 to Safe Harbor. As a result of missed principal and interest payments, MIC's investment in

the debentures was written down by Meridian Asset in November 1990 to approximately \$1.8 million. The marina was completed and opened for business in September 1991, approximately seventeen months behind schedule. In April 1992, Meridian Asset, the parent company of MIC, purchased Safe Harbor's debentures from the Fixed Income and Equity Funds for approximately \$4.7 million, which represented the unpaid principal balance plus accrued but unpaid interest, and thus made the funds whole.

9. Based on the foregoing, MIC willfully violated Sections 206(1) and 206(2) of the Advisers Act in that MIC, by use of the mails and the means and instrumentalities of interstate commerce, directly and indirectly, employed devices, schemes and artifices to defraud clients and prospective clients, and engaged in transactions, practices and courses of business which operated as a fraud or deceit upon such clients or prospective clients.

10. Based on the foregoing, Brown was a cause of MIC's violations of Sections 206(1) and 206(2) of the Advisers Act.

11. Based on the foregoing, Moyer was a cause of MIC's violations of Sections 206(1) and 206(2) of the Advisers Act.

C. Consents to the entry of the Order by the Commission which orders Brown, pursuant to Section 203(k) of the Advisers Act, to cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act.

IV.

Respondent Brown understands that it is the Commission's policy, set forth in 17 C.F.R. §202.5(e), not to permit a respondent to consent to an order that imposes a sanction while denying the allegations and findings contained in the order. Respondent further understands that the Commission's acceptance of the settlement in this matter is based upon compliance with this policy by the Respondent.

V.

Respondent Brown hereby waives:

- A. Service of an order for proceedings and the filing of an answer thereto;
- B. All hearings or opportunities for hearings pursuant to Section 203(k) of the Advisers Act;
- C. The filing of proposed Findings of Fact and Conclusions of Law;
- D. An initial decision by an Administrative Law Judge pursuant to Rule 16(b) of the Commission's Rules of Practice [17 C.F.R. §201.16(b)], and exceptions and briefs with respect thereto;
- E. All post-hearing procedures pursuant to Rules 16 and 17 of the Commission's Rules of Practice [17 C.F.R. §§201.16 and 201.17];
- F. Judicial review by any court;

G. Such provisions of the Commission's Rules of Practice as may be construed to prevent any member of the Commission's staff from participating in the preparation of, or advising the Commission as to, the order, opinion, findings of fact, or conclusion of law to be entered pursuant to this Offer; and

H. Any right to claim bias or prejudice by the Commission based upon any discussion among the members of the Commission, its staff, or between the Commission and the staff concerning this Offer of Settlement or settlement of all or any part of this matter on any terms.

VI.

Respondent hereby declares and represents that: (i) he has read the foregoing Offer; (ii) he understands that final acceptance by the Commission of this Offer will only be by its Findings and Order and Opinion, if any, issued in this proceeding; and (iii) this Offer is a voluntary act on his part and no promises, offers, threats, or inducements of any kind or nature have been made by the Commission, or any member, officer, agent or representative thereof, to influence him to submit this Offer.

Respectfully submitted,


Philip H. Brown, II

Dated: 11-28-94

**ADMINISTRATIVE PROCEEDING
File No.**

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

In the Matter of

MERIDIAN INVESTMENT COMPANY, :

PHILIP H. BROWN, II, and :

CRAIG A. MOYER, :

Respondents. :

OFFER OF SETTLEMENT OF
CRAIG A. MOYER

I.

Craig A. Moyer ("Moyer"), pursuant to Rule 8(a) of the Securities and Exchange Commission's ("Commission") Rules of Practice, hereby submits the following Offer of Settlement ("Offer") in anticipation of the institution by the Commission of public administrative proceedings against him pursuant to Section 203(k) of the Investment Advisers Act of 1940 ("Advisers Act").

II.

Except as provided in Section V. H. below: (a) this Offer is submitted only for the purpose of settlement of this proceeding, with the express understanding that it will not be used in any way in said proceeding unless the Offer is accepted by the Commission as hereinafter set forth; and (b) if this Offer is not accepted by the Commission, the Offer is withdrawn without prejudice to Moyer and neither the Offer, nor any part of it, shall become a part of the record, or be referred to, in this or any other proceeding.

III.

On the basis of the foregoing, Moyer hereby:

A. Admits the jurisdiction of the Commission over him and over the matters set forth in the Order Instituting Public Proceedings, Making Findings and Imposing Remedial Sanctions and Cease and Desist Order ("Order").

B. Consents, solely for the purposes of this proceeding and any other proceeding brought by or on behalf of the Commission or to which the Commission is a party, and without admitting or denying the findings contained in the Order, except for the findings set forth in

subparagraphs B. 1. through B. 5. below, which are admitted, to the entry of the Order by the Commission which makes the following findings:

1. Meridian Investment Company ("MIC") is an investment adviser located in Malvern, Pennsylvania, and has been registered with the Commission since February 20, 1985. MIC is a wholly owned subsidiary of Meridian Asset Management ("Meridian Asset"). As of March 1993, MIC had approximately \$6 billion in assets under management.
2. Moyer is a MIC Senior Investment Manager. In September 1989, Moyer was the Senior Fixed Income Manager of MIC.
3. Philip H. Brown, II ("Brown") has been the President and Chief Investment Officer of MIC since its formation in 1985.
4. MIC provides investment advisory services to, among others, the Meridian Trust Employee Benefit Fixed Income Fund ("Fixed Income Fund") and the Meridian Trust Employee Benefit Equity Fund ("Equity Fund"), both collective trust funds in the custody of Meridian Trust Company ("Meridian Trust"), another Meridian Asset subsidiary. These services are provided by MIC pursuant to a written agreement between Meridian Asset and Meridian Trust.
5. On September 13, 1989, MIC invested \$3,959,100 in client funds in debentures issued by Safe Harbor Marina, Inc. ("Safe Harbor"), to fund a marina construction project ("the marina") near Erie, Pennsylvania. Of the amount invested, approximately \$2.3 million was provided by the Equity Fund while approximately \$1.6 million was provided by the Fixed Income Fund. Brown, MIC's president and chief investment officer, along with the president of both Meridian Asset and Meridian Trust, approved MIC's investment in the Safe Harbor debentures.
6. The opportunity to invest in the Safe Harbor debentures was brought to MIC's attention by a former vice president of MIC whose principal responsibility was the introduction of MIC to potential new clients. In connection with the making of the investment, the developer of the marina asserted to the former employee that if MIC would fund the construction of the marina, in return, the developer would endeavor to arrange through his political contacts the opportunity for MIC to manage \$300 million in pension equity funds from the Pennsylvania State Employees Retirement System (hereinafter referred to as the "state pension fund business."). The former employee told Brown and Moyer that investment in the marina by MIC might enhance the opportunity for MIC to obtain the state pension fund business. Brown delegated to the former vice president substantial responsibility for due diligence investigation of the investment and the negotiation of contractual instruments to effectuate the investment.
7. In making the Safe Harbor investment, MIC failed to disclose its economic self-interest in the investment. In addition, Brown and Moyer failed to take steps to fully ascertain the potential for conflict of interest between MIC and its clients and cause MIC to disclose its economic self-interest in the investment.
8. MIC never received the state pension fund business. Construction of the marina was plagued by significant delays and cost overruns. Funds were depleted prior to the completion of construction, requiring Meridian Asset to lend an additional \$105,000 to Safe Harbor. As a result of missed principal and interest payments, MIC's investment in

the debentures was written down by Meridian Asset in November 1990 to approximately \$1.8 million. The marina was completed and opened for business in September 1991, approximately seventeen months behind schedule. In April 1992, Meridian Asset, the parent company of MIC, purchased Safe Harbor's debentures from the Fixed Income and Equity Funds for approximately \$4.7 million, which represented the unpaid principal balance plus accrued but unpaid interest, and thus made the funds whole.

9. Based on the foregoing, MIC willfully violated Sections 206(1) and 206(2) of the Advisers Act in that MIC, by use of the mails and the means and instrumentalities of interstate commerce, directly and indirectly, employed devices, schemes and artifices to defraud clients and prospective clients, and engaged in transactions, practices and courses of business which operated as a fraud or deceit upon such clients or prospective clients.

10. Based on the foregoing, Moyer was a cause of MIC's violations of Sections 206(1) and 206(2) of the Advisers Act.

11. Based on the foregoing, Brown was a cause of MIC's violations of Sections 206(1) and 206(2) of the Advisers Act.

C. Consents to the entry of the Order by the Commission which orders Moyer, pursuant to Section 203(k) of the Advisers Act, to cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act.

IV.

Respondent Moyer understands that it is the Commission's policy, set forth in 17 C.F.R. §202.5(e), not to permit a respondent to consent to an order that imposes a sanction while denying the allegations and findings contained in the order. Respondent further understands that the Commission's acceptance of the settlement in this matter is based upon compliance with this policy by the Respondent.

V.

Respondent Moyer hereby waives:

- A. Service of an order for proceedings and the filing of an answer thereto;
- B. All hearings or opportunities for hearings pursuant to Section 203(k) of the Advisers Act;
- C. The filing of proposed Findings of Fact and Conclusions of Law;
- D. An initial decision by an Administrative Law Judge pursuant to Rule 16(b) of the Commission's Rules of Practice [17 C.F.R. §201.16(b)], and exceptions and briefs with respect thereto;
- E. All post-hearing procedures pursuant to Rules 16 and 17 of the Commission's Rules of Practice [17 C.F.R. §§201.16 and 201.17];
- F. Judicial review by any court;

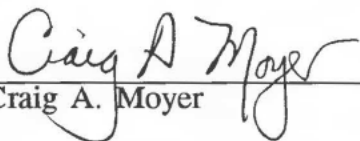
G. Such provisions of the Commission's Rules of Practice as may be construed to prevent any member of the Commission's staff from participating in the preparation of, or advising the Commission as to, the order, opinion, findings of fact, or conclusion of law to be entered pursuant to this Offer; and

H. Any right to claim bias or prejudice by the Commission based upon any discussion among the members of the Commission, its staff, or between the Commission and the staff concerning this Offer of Settlement or settlement of all or any part of this matter on any terms.

VI.

Respondent hereby declares and represents that: (i) he has read the foregoing Offer; (ii) he understands that final acceptance by the Commission of this Offer will only be by its Findings and Order and Opinion, if any, issued in this proceeding; and (iii) this Offer is a voluntary act on his part and no promises, offers, threats, or inducements of any kind or nature have been made by the Commission, or any member, officer, agent or representative thereof, to influence him to submit this Offer.

Respectfully submitted,


Craig A. Moyer

Dated: 11/28/94



OFFICE OF
THE SECRETARY

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

APR 18 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John Sturc, Esquire
Gibson, Dunn & Crutcher
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5306

Re: In the Matter of Meridian Investment Company, Philip H.
Brown, II and Craig A. Moyer

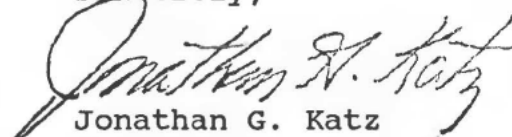
Dear Mr. Sturc:

Enclosed please find an Order Instituting Proceedings,
Making Findings and Imposing Remedial Sanctions and Cease and
Desist Order against your clients in the above-captioned matter
pursuant to Section 203(k) of the Investment Advisers Act of
1940.

The findings and cease and desist Order imposed against your
clients, Philip H. Brown, II and Craig A. Moyer, are in
accordance with their Offers of Settlement, dated November 28,
1994, which were submitted to the Commission and which the
Commission determined to accept. The cease and desist Order
shall be effective immediately.

If you have any questions or wish to discuss any aspect of
the proceedings, you may communicate with David F. Newman of the
Philadelphia District Office, at (215) 597-3100.

Sincerely,


Jonathan G. Katz
Secretary

Enclosure



OFFICE OF
THE SECRETARY

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

APR 18 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Joseph M. Harenza, Esquire
Stevens & Lee
111 North Sixth Street, P. O. Box 679
Reading, PA 19603-0679

Re: In the Matter of Meridian Investment Company, Philip H.
Brown, II and Craig A. Moyer

Dear Mr. Harenza:

Enclosed please find an Order Instituting Proceedings, Making Findings and Imposing Remedial Sanctions and Cease and Desist Order in the above-captioned matter pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940.

The findings, remedial sanctions and cease and desist Order imposed against your client Meridian Investment Company are in accordance with its Offer of Settlement, dated November 28, 1994, which was submitted to the Commission and which the Commission determined to accept. The cease and desist Order shall be effective immediately.

If you have any questions or wish to discuss any aspect of the proceedings, you may communicate with David F. Newman of the Philadelphia District Office, at (215) 597-3100.

Sincerely,

A handwritten signature in cursive script, reading "Jonathan G. Katz".
Jonathan G. Katz
Secretary

Enclosure



OFFICE OF
THE SECRETARY

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

APR 18 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Philip H. Brown, II
101 Grandview Rd.
Springfield, PA 19064

Re: In the Matter of Meridian Investment Company, Philip H.
Brown, II and Craig A. Moyer

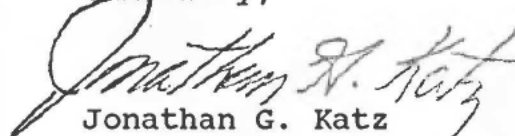
Dear Mr. Brown:

Enclosed please find an Order Instituting Proceedings,
Making Findings and Imposing Remedial Sanctions and Cease and
Desist Order against you in the above-captioned matter pursuant
to Section 203(k) of the Investment Advisers Act of 1940.

The findings and cease and desist Order imposed against you
are in accordance with your Offer of Settlement, dated November
28, 1994, which was submitted to the Commission and which the
Commission determined to accept. The cease and desist Order
shall be effective immediately.

If you have any questions or wish to discuss any aspect of
the proceedings, you may communicate with David F. Newman of the
Philadelphia District Office, at (215) 597-3100.

Sincerely,


Jonathan G. Katz
Secretary

Enclosure



OFFICE OF
THE SECRETARY

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

APR 18 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Philip H. Brown, II
101 Grandview Rd.
Springfield, PA 19064

Re: In the Matter of Meridian Investment Company, Philip H.
Brown, II and Craig A. Moyer

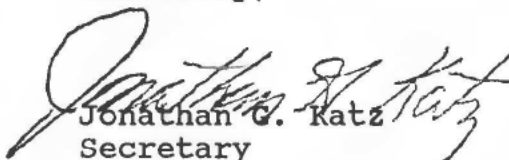
Dear Mr. Brown:

Enclosed please find an Order Instituting Proceedings,
Making Findings and Imposing Remedial Sanctions and Cease and
Desist Order against you in the above-captioned matter pursuant
to Section 203(k) of the Investment Advisers Act of 1940.

The findings and cease and desist Order imposed against you
are in accordance with your Offer of Settlement, dated November
28, 1994, which was submitted to the Commission and which the
Commission determined to accept. The cease and desist Order
shall be effective immediately.

If you have any questions or wish to discuss any aspect of
the proceedings, you may communicate with David F. Newman of the
Philadelphia District Office, at (215) 597-3100.

Sincerely,


Jonathan G. Katz
Secretary

Enclosure



OFFICE OF
THE SECRETARY

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

APR 18 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Craig Moyer
403 Williamsalesbury Drive
Downingtown, PA 19355

Re: In the Matter of Meridian Investment Company, Philip H.
Brown, II and Craig A. Moyer

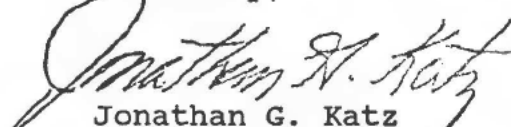
Dear Mr. Moyer:

Enclosed please find an Order Instituting Proceedings,
Making Findings and Imposing Remedial Sanctions and Cease and
Desist Order against you in the above-captioned matter pursuant
to Section 203(k) of the Investment Advisers Act of 1940.

The findings and cease and desist Order imposed against you
are in accordance with your Offer of Settlement, dated November
28, 1994, which was submitted to the Commission and which the
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the proceedings, you may communicate with David F. Newman of the
Philadelphia District Office, at (215) 597-3100.

Sincerely,


Jonathan G. Katz
Secretary

Enclosure