

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

ADMINISTRATIVE PROCEEDINGS RULINGS
Release No. 6410/December 18, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-17699

In the Matter of

SHERVIN NEMAN and :
NEMAN FINANCIAL, INC. : ORDER TO SHOW CAUSE
:

The Securities and Exchange Commission instituted this proceeding with an Order Instituting Proceedings (OIP), pursuant to Sections 203(e) and 203(f) of the Investment Advisers Act of 1940 on November 29, 2016. The proceeding is a follow-on proceeding based on *SEC v. Neman*, No. 12-cv-3142 (C.D. Cal.), in which Respondents Shervin Neman and Neman Financial, Inc., were enjoined from violating the antifraud, recordkeeping, and registration provisions of the federal securities laws. Respondents filed their Answer to the OIP on April 3, 2017, and the Division of Enforcement’s motion for summary disposition followed. On November 20, 2017, an Initial Decision imposed associational bars on Shervin Neman and revoked the registration of Neman Financial as an investment adviser. *Shervin Neman*, Initial Decision Release No. 1227, 2017 SEC LEXIS 3648 (A.L.J.).

On August 22, 2018, in light of *Lucia v. SEC*, 138 S. Ct. 2044 (2018), the Commission ordered a new hearing in each pending proceeding, including this one, before an administrative law judge (ALJ) who had not previously participated in the proceeding, unless the parties expressly agreed to alternative procedures, including agreeing that the proceeding remain with the previous presiding ALJ. *Pending Admin. Proc.*, Securities Act of 1933 Release No. 10536, 2018 SEC LEXIS 2058, at *2-3 (August 22 Order). Accordingly, the proceeding was reassigned to the undersigned. *Pending Admin. Proc.*, Admin. Proc. Rulings Release No. 5955, 2018 SEC LEXIS 2264 (C.A.L.J. Sept. 12, 2018).

As to each affected proceeding, including this one, in which the parties had not agreed to alternative procedures, the Commission ordered that the newly assigned presiding ALJ “issue an order directing the parties to submit proposals for the conduct of further proceedings.” August 22 Order, 2018 SEC LEXIS 2058, at *4. The Commission specified, “if a party fails to submit a proposal, the ALJ may enter a default against that party.” *Id.* Accordingly, after the reassignment of the proceeding, Respondents were afforded an opportunity to file an amended Answer, and the parties were ordered to submit proposals for the conduct of further proceedings by December 14, 2018. *Shervin Neman*, Admin. Proc. Rulings Release No. 6120, 2018 SEC LEXIS 2692 (A.L.J. Sept. 28, 2018) (September 28 Order). The September 28 Order was served

on Respondents at Neman's current address by U.S. mail on October 1, 2018, in compliance with 17 C.F.R. §§ 201.141(b), .150(c)(2), (d). Thereafter, Neman sent a letter, dated October 28, 2018, asking the undersigned to release him from prison, threatening to wreak divine "wrath . . . on you, all of you in your country," for noncompliance. However, to date, Respondents have failed to file a proposal for the conduct of further proceedings.¹ Accordingly, Shervin Neman and Neman Financial, Inc., are ORDERED TO SHOW CAUSE, by January 4, 2019, why Shervin Neman should not be barred from the securities industry and the investment adviser registration of Neman Financial revoked. *See* August 22 Order, 2018 SEC LEXIS 2058, at *4; 17 C.F.R. § 201.155(a).

IT IS FURTHER ORDERED that this Order to Show Cause be served on Respondents by U.S. Postal Service Priority Express Mail.

/S/ Carol Fox Foelak
Carol Fox Foelak
Administrative Law Judge

¹ The Division of Enforcement filed a proposal. Neman's October 28 letter requesting the undersigned to have him released from prison, "or else," is not a proposal "for the conduct of further proceedings" in this proceeding. Neither the undersigned nor the Commission is authorized to release him from prison.