

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940  
Release No. 2914 / August 12, 2009

ADMINISTRATIVE PROCEEDING File No. 3-13579

IN THE MATTER OF JAMES C. DAWSON

The United States Securities and Exchange Commission (Commission) announced the issuance of an Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940 (Advisers Act) and Notice of Hearing (Order) against James C. Dawson.

The Division of Enforcement (Division) alleges in the Order that on July 24, 2009, the District Court entered an order by consent enjoining Dawson from future violations of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and Sections 206(1) and 206(2) of the Advisers Act in the civil action entitled Securities and Exchange Commission v. James C. Dawson, 08 CV 7841 (S.D.N.Y.) Dawson, 63, of Rye, New York, is the investment adviser to a hedge fund, Victoria Investors, LP, and to individual clients. The Commission's complaint before the District Court alleged the following: Dawson intentionally engaged in a cherry-picking scheme between April 2003 and October 2005. It alleged that Dawson intentionally cherry-picked profitable trades for his own account by purchasing securities in a suspense account and then disproportionately allocating the profitable trades to his personal account, and allocating unprofitable trades to his advisory clients, by transmitting his allocation decisions to his prime broker at some time after the close of the market. It further alleged that between April 2003 and October 2005, Dawson allocated approximately 400 trades to his personal account, approximately 393 of which were profitable on the first day, for a success rate of approximately 98.3%. In contrast, Dawson allocated approximately 2,880 trades to his hedge fund and individual client accounts, approximately 1,489 of which were profitable on the first day, for a success rate of approximately 51.7%. The Commission's complaint also alleged that between 2003 and 2005, Dawson also used Victoria Investors' funds to pay for personal and family expenses.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide Dawson an opportunity to dispute the allegations, and to determine what, if any, remedial action is appropriate and in the public interest. The Order requires the Administrative Law Judge to issue an initial decision no later than 210 days from the date of service of the Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.