

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 64657 / June 13, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14193**

**In the Matter of**

**CARY R. KAHN,**

**Respondent.**

**ORDER MAKING FINDINGS AND  
IMPOSING REMEDIAL SANCTIONS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest to accept the offer of settlement submitted by Cary R. Kahn (“Kahn” or “Respondent”) pursuant to Rule 240(a) of the Rules of Practice of the Commission, 17 C.F.R. § 201.240(a), for the purpose of settlement of the public administrative proceedings instituted against Respondent on January 14, 2011 pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”).

**II.**

Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Making Findings, and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Order”), as set forth below.

**III.**

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. From September 2002 through January 2009, Respondent, an unregistered investment adviser, was the manager and general partner of the Double Eagle Fund, an unregistered investment company. For a portion of the time in which he engaged in the conduct underlying the information described below, Respondent was associated with broker-dealers registered with the Commission.

2. On March 24, 2010, Kahn pled guilty to the felony of mail fraud in violation of Title 18 United States Code, Section 1341 before the United States District Court for the District of Colorado, in United States v. Cary Richard Kahn, Crim. Case No. 10-CR-00116-WYD. On June 28, 2010, a judgment in the criminal case was entered against Kahn. He was sentenced to a prison term of sixty (60) months, and five (5) years of supervision upon his release from prison, and ordered to make restitution in the amount of \$1,812,559.11.

3. The criminal information to which Kahn pled guilty alleged, among other things, that between September 3, 2002 and January 22, 2009, Kahn defrauded investors and obtained money and property by means of materially false and misleading statements in connection with the purchase and sale of securities and in connection with the sale of “flex options” or “option conversions.” The information alleged that, as part of the scheme, Kahn represented himself as an experienced and successful securities trader in order to obtain approximately \$2,121,098.70 from investors. The information further alleged that Kahn misrepresented to the investors in his Double Eagle Fund that he would use their money to buy and sell securities and that they could expect profits of fourteen to eighteen percent per year. In addition, the information alleged that Kahn sold some investors “flex options” and “option conversions,” with guaranteed returns of between fifteen and nineteen percent within either six months or one year. The information also alleged that Kahn failed to use most of the investor money to trade securities, converted most of the money to his own use and benefit, used a portion of the money to make payments to other investors, and sent investors account statements misrepresenting profits earned as a result of his trading.

4. In addition, on July 20, 2004 the Commission entered an Order Making Findings and Imposing Remedial Sanctions by Default, Admin. Proc. File No. 3-11468, in which Kahn was ordered to cease-and desist from violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. He was also ordered to disgorge \$12,186.21, plus \$1,217.54 in prejudgment interest. Kahn failed to comply with the disgorgement order and the Commission filed a complaint in U. S. District Court for the District of Colorado, Civil Action No. 04-Z-2692 (BNB). The U.S. District Court entered the default judgment in favor of the Commission on March 11, 2005. Kahn has not paid the ordered disgorgement or interest.

#### IV.

In view of the foregoing, it is appropriate and in the public interest to impose the sanctions agreed to in Respondent Kahn’s Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Kahn be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent; and

That Respondent Kahn be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages 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.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order; and

By the Commission,

Elizabeth M. Murphy  
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 ("Order"), on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray  
Chief Administrative Law Judge  
Securities and Exchange Commission  
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