

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 68920 / February 13, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-14980

In the Matter of

STEPHEN M. STRAUSS,

Respondent.

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

I.

On August 13, 2012, the Securities and Exchange Commission (“Commission”) initiated proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Stephen M. Strauss (“Strauss” or “Respondent”).

II.

Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. 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. Strauss, 59, and a resident of Southaven, Mississippi, was chairman and CEO of Chilmark Entertainment Group, Inc. (“Chilmark”) from 2002 until early 2007. Strauss has been a “direct/indirect” owner of Malory Investments, LLC, a broker-dealer, from January 2001 until at least August 2008. While Strauss was affiliated with the company, Chilmark had no employees, only one independent contractor and never generated any income. In 2006, Strauss and his family members owned 9% of the total shares of Chilmark outstanding. Strauss participated in an offering of Chilmark stock, which is a penny stock.

2. On February 13, 2012, a final judgment was entered against Strauss, permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Stephen M. Strauss, Civil Action Number 2:08-CV-206, in the United States District Court for the Northern District of Mississippi.

3. The Commission’s complaint alleged the following: (i) in November and December 2006, Strauss, the CEO of Chilmark, issued a series of press releases in rapid succession that misrepresented that Chilmark or its successor company, Integrated Bio-Energy Resources, Inc. (“Integrated”), was on the verge of manufacturing biofuel from palm oil; (ii) in truth, when Strauss issued these press releases, neither Chilmark nor Integrated had secured any funding, purchased the land to build a refinery, or begun building the refinery to manufacture the biofuel; (iii) the six press releases dramatically inflated the trading volume and the price for Chilmark shares; (v) in the three months prior to these press releases, the trading volume for Chilmark’s shares averaged approximately 13,600 per day and the price never closed above \$0.01 per share; and (vi) in November and December 2006, the average daily trading volume jumped almost 20-fold, to 267,000 shares and the price closed as high as \$0.22 per share. The complaint further alleged that Strauss was responsible for drafting and distributing the press releases.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Strauss’ Offer.

Accordingly, it is hereby ORDERED that:

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

B. Strauss shall 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.

By the Commission.

Elizabeth M. Murphy
Secretary