UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70989 / December 5, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3732 / December 5, 2013

INVESTMENT COMPANY ACT OF 1940
Release No. 30818 / December 5, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15255

In the Matter of

JOHN THOMAS CAPITAL MANAGEMENT GROUP LLC, d/b/a PATRIOT28 LLC,

GEORGE R. JARKESY JR.,

JOHN THOMAS FINANCIAL, INC. and

ANASTASIOS "TOMMY" BELESIS,

Respondents.

ORDER MAKING FINDINGS, IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER, PURSUANT TO SECTIONS 21C, 15(b)(4) AND 15(b)(6) OF THE SECURITIES EXCHANGE ACT OF 1934, SECTION 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940 AS TO JOHN THOMAS FINANCIAL, INC. AND ANASTASIOS "TOMMY" BELESIS

I.

On March 22, 2013, the Securities and Exchange Commission ("Commission") instituted public administrative and cease-and-desist proceedings pursuant to Sections 15(b)(4) and 15(b)(6) of the Securities Exchange Act of 1934 ("Exchange Act"), Section 203(k) of the Investment Advisers Act of 1940 ("Advisers Act"), and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against John Thomas Financial, Inc. ("JTF") and Anastasios "Tommy" Belesis ("Belesis") (collectively the "Respondents").

II.

Respondents have 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 them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Making Findings, Imposing Remedial Sanctions and a Cease-and-Desist Order, Pursuant to Sections 21C, 15(b)(4) and 15(b)(6) of the Securities Exchange Act of 1934, Section 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940 as to John Thomas Financial, Inc. and Anastasios "Tommy" Belesis ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offer, the Commission finds[1] that:

Summary

This case concerns fraudulent conduct by the manager (the "Manager") of two hedge funds known as the John Thomas Bridge and Opportunity Fund LP I and the John Thomas Bridge and Opportunity Fund LP II (together, the "Funds"),[2] and the Funds' adviser (the "Adviser"). Respondent Belesis' broker-dealer, Respondent JTF, placed customers in the Funds, provided various services to a number of the companies in which the Funds invested, and provided execution services with respect to many of the Funds' securities transactions. The Manager and the Adviser elevated the interests of Respondents over those of the Funds by paying or causing to be paid excessive monies to JTF that should have remained with the Funds. Through Belesis' influence over the Manager and the Adviser, Respondents aided, abetted and caused the Manager's and Adviser's breaches of their fiduciary duties to the Funds.

Although JTF and the Funds shared the "John Thomas" brand name, the Adviser purported to be wholly independent of JTF. Likewise, the Manager represented that he was "responsible for all of the investment decisions" of the Funds. However, the Manager and the Adviser on occasion acquiesced to Respondent Belesis' demands regarding certain investment decisions. The independence of the Adviser and JTF was untrue.

In addition, the Manager and the Adviser used the Funds' assets to pay the Respondents significant amounts for providing services that had little or no direct value to the Funds. As one

[1] The findings herein are made pursuant to Respondents' Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

[2] The Funds currently are known as Patriot Bridge and Opportunity Fund LP I and Patriot Bridge and Opportunity Fund LP II.

example, in connection with certain bridge loans made by Fund I, Respondents received hundreds of thousands of dollars in "fees" for providing little or no services.

Respondents

1. JTF was a broker-dealer located in New York, New York from 2007 until September 2013. At all times relevant to the conduct described herein, the firm was registered with the Commission and a member of the Financial Industry Regulatory Authority ("FINRA"). At all times relevant to the conduct described herein, JTF was controlled and indirectly owned by Belesis. At all relevant times, JTF offered brokerage and investment services, investment banking services and private wealth management.

2. Belesis, age 38, of New York, New York, was the founder and chief executive officer of JTF. Until late 2011, Belesis' firm was the primary placement agent for the Funds, and was one of several broker-dealers that executed equity trade orders for the Funds. Belesis and the Manager became acquainted in 2003.

Other Relevant Entities

3. The Adviser is an unregistered investment adviser that serves as the general partner of two hedge funds, Fund I and Fund II.

4. The Manager manages the Adviser. In that capacity, the Manager purportedly controlled all operations and activities of the Adviser and the Funds.

Background

5. The Manager established the Adviser in 2007 as an unregistered investment adviser to serve as the adviser to Fund I. The venture grew from the Manager's prior successes with bridge loan financings.

6. In 2009, the Manager and the Adviser formed a twin fund: Fund II. With the termination of Fund I scheduled for 2012, Fund II was formed in order to hold certain longer-term investments, including life settlement policies that had not matured. Initially, Fund II was structured to solicit foreign investors but when none bought shares of the fund, the Adviser opened Fund II to domestic investors.

7. The Manager and the Adviser purported to invest the Funds in three asset classes: (i) equity investments, including shares of stock, options and warrants, mostly in speculative microcap companies that were either not traded publicly or thinly-traded over the counter; (ii) bridge loans to public and non-public growth-stage companies; and (iii) life settlement policies. Although only Fund I was invested in life settlement policies, Fund II was invested in Fund I.

8. Each Fund has a lock-up period. Fund I's lock-up period was five years and was scheduled to expire in September 2012, when the Fund was to terminate. At that time, the Manager and the Adviser were expected to distribute its assets in cash and/or in kind, although distribution was incomplete by the end of September 2013. Fund II's lock-up period is four years and Fund II is scheduled to terminate no later than 2019. With the Manager's consent and at his discretion, and provided they pay a penalty fee, investors can redeem their shares before the respective lock-up periods expire.

9. Respondent JTF had several roles relating to the Funds. JTF served as the primary placement agent for solicitation of investments in the Funds and it acted as the broker for many of the Funds' equity trades. Separately, it also served as the investment bank for some of the companies that received bridge loans from the Funds. JTF has received nearly $4 million in fees and commissions directly and indirectly from the Funds.

10. At the end of 2011, the Manager valued Fund I at approximately $18 million to $20 million and Fund II at approximately $10 million. The Funds' auditor reported Fund I's "total return since inception" was twenty-four percent. Together the Funds have approximately 120 investors with just a few of them invested in both Funds.

The Undisclosed Role of the Respondents in Fund Operations

11. The Adviser disclosed JTF's role as placement agent and potential executing broker-dealer for the Funds' equity transactions. The Adviser made no disclosure that Respondents would become involved in the Adviser's investment activities. To the contrary, the Adviser – acting through the Manager – represented that it was solely responsible for managing the Funds and independent from Respondent JTF.

12. To underscore the independence of the Adviser and JTF, the Adviser's web site included a disclaimer indicating that other than using JTF as a placement agent, the Adviser had no business relationship with JTF.

13. Respondent Belesis was aware of the disclaimer distancing the Adviser from JTF.

14. Respondents involved themselves in directing how the Funds' money flowed to at least two companies to which the Funds loaned money, Company A and Company B.

15. Company A was formed in April 2010 when Company C, in which the Funds had invested, merged with a third company. Respondents JTF and Belesis had a long-standing relationship with Company C; JTF had raised substantial amounts of capital for Company C through numerous private placements, and JTF itself had substantial holdings in Company C's stock.

16. The Manager and the Adviser first invested the Funds' assets in Company C in 2009, when Fund I extended a bridge loan to the company. That loan was repaid, and another one was made at the end of the year. From that point on, neither of the Funds' loans to Company C was repaid; instead, the Funds received allotments of penalty shares of Company C and then Company A after the merger. In 2010, the Funds' positions in Company A had grown disproportionately to their other holdings due to the penalty shares, so that nearly a third of each Fund's assets were invested in Company A.

17. By late 2010, the Company A position grew to a paper value of more than $8 million in Fund I, and more than $2 million in Fund II, or nearly a third of each Fund's values.

18. Respondent Belesis – sometimes, but not always, in collaboration with the Manager – became involved in how the Funds' money would be invested in Company A. Company A's chief executive officer requested money from Belesis for operating costs, including rent, payroll and payments to Company A's service providers. The Funds' bank records show debits to pay certain Company A expenses.

19. In at least one instance, Belesis' decision regarding how the Funds' money would be spent at Company A, one of the Funds' largest holdings, prevailed over the wishes of Company A's corporate officers, who urged him to handle company affairs differently. However, Company A's officers had no choice but to accept Respondent Belesis' decisions because of Belesis' influence over whether and when money would flow to Company A from the Funds, the company's main source of capital.

20. Separately, in late 2009, the Manager and the Adviser invested approximately $200,000 of the Funds' money in a publicly traded shell company, and the Funds became the shell company's controlling shareholders. The shell merged with a small, private company in the summer of 2010 to form Company B. The Funds owned approximately twenty-five percent of Company B's unrestricted stock after the merger, which traded publicly on the OTC Bulletin Board.

21. Respondent Belesis exercised undisclosed influence over the Adviser in connection with certain of the Funds' investments in Company B. When the Funds extended a bridge loan to Company B and the proceeds were delayed in arriving at the company, the company president and chief executive officer addressed Belesis – not the Manager, the supposed exclusive manager of the Funds – about the delay. Belesis in turn reassured him that the Funds would provide the loan.

22. The Manager frequently deferred to Respondent Belesis and sought to placate him by delivering improper benefits relating to the Funds' investment activities to Respondent JTF, including cash, fees and securities.

The Undisclosed Business Relationship between the Adviser and JTF

23. In addition to the undisclosed role the Respondents had with regard to the Funds' investment activities, the Adviser and the Manager – who purported to be independent from the Respondents – also did not disclose that they were engaged in actively referring business to the Respondents.

24. This undisclosed arrangement was described in a March 2009 email from an employee of the Adviser to Belesis:

> [The Manager] and I have worked hard over the past month creating a backlog of potential clients for JTF and [the Adviser]. We now have two or three that could be JTF clients in a matter of weeks with tens of thousands of dollars in monthly fees not to mention [another business transaction] already in the bag….
>
> The failure of your staff to execute payment on our contract has put a stop to our progress. . . . I still have high hopes for the potential of this liaison between JTF, [the Adviser] and myself. Based upon your email below I estimate that you feel same. [The Manager], I know is optimistic of the potential that this relationship holds . . . .

25. In March 2009, the director of a company that the Adviser and the Manager had steered to JTF asked to meet with Belesis before paying for JTF's services. In response, Belesis angrily erupted at the Manager. The Manager's reply indicates his allegiance to Belesis: "*I just told him to send the stock and money, sign the document or get lost*," he wrote. "*I think this will get done today. Nobody gets access to Tommy until they make us money!!!!!*"

The Manager and the Adviser Diverted the Funds' Money to Enrich the Respondents

26. In breach of his fiduciary duty to the Funds, the Manager, through his role at the Adviser, actively negotiated fees on behalf of Respondent JTF in connection with the Funds' activities, to the detriment of the Funds.

27. The Manager used his role as manager of the Funds to enrich the Respondents, and kept an appreciative Belesis apprised of his efforts. For example, the Manager giddily wrote to Belesis in March 2010: "*[W]e are all going to make so much f[…]ing money this year, the clients of John Thomas are going to have a banner year …. Write yourself a check and get ready to cash it $45 million.*"

28. On another occasion, after Respondent Belesis opined to the Manager about the lack of fees he was securing for JTF in February 2009, the Manager responded that "*we will always try to get you as much as possible, Everytime [sic] without exception!*"

29. Overall, the Manager's allegiance to the Respondents deprived the Funds of a material amount of money, directly or indirectly, for placement fees, loans to small companies that then used the money to pay fees to JTF, and for unearned bridge loan fees JTF received for performing little or no services.

Fund Money Was Routed to JTF for Unearned Bridge Loan Fees

30. The Funds extended short-term bridge loans to small, usually private companies. In exchange for the loans, the Funds received interest on the amount of the loan and what the Manager called an "equity kicker" of stock, options or warrants in the company.

31. The Respondents occasionally introduced the Manager and the Adviser to candidates for bridge loans. For its involvement, JTF earned a fee of approximately ten percent of each bridge loan the Funds made, plus a three percent non-accountable business expense. The Manager and the Adviser made no effort to negotiate a lower fee for JTF.

32. The Funds typically extended bridge loans to struggling, cash-poor ventures. Every dollar provided in the loan was essential to the borrowers' future prospects and, therefore, the Funds' investment in the borrowing companies and chances of ultimately being repaid.

33. The Manager abandoned his fiduciary duties to the Funds and negotiated arrangements whereby the borrowing companies – in which the Funds were invested and from which the Funds sought repayment – would pay unwarranted finder fees to Respondent JTF out of the proceeds received from the Funds. Thus, the Manager of the Funds, when negotiating bridge loans between the Funds and the borrowing companies, placed the interests of Respondents above the interests of the Adviser's clients, the Funds, and assumed responsibility for negotiating on behalf of JTF. As examples:

a. In March 2009, the Manager offered the Respondents increasingly favorable fees on a bridge loan the Funds were extending to Company A, and also offered commissions and warrants without Respondents requesting such benefits.

b. In February 2010, the Manager drafted a $130,000 commission for Respondent JTF in a term sheet for a $1 million bridge loan to a company that expressly informed the Manager that it did not want to commit to long-term financing with JTF.

c. In May 2009, the Manager structured a transaction between the Funds and Company D specifically so that Respondents JTF and Belesis could be "the hero," as the Manager wrote in an email, and earn commissions and fees.

34. Respondents were willing recipients of the Funds' generosity provided by the Manager and the Adviser, but it was the Manager who was responsible for negotiating their fees from the Funds' bridge loans.

35. In some instances, the Manager negotiated and procured a fee for the Respondents even though they had not referred the borrower to the Funds for financing and had done, at most, minimal work relating to the loan. For example:

a. The Manager was a director of Company D and introduced the company to the Funds for a bridge loan and to Respondent JTF for long-term financing. When the Funds extended a bridge loan in October 2008, JTF received a full fee for having done merely negligible work relating to the loan.

b. The Manager was a director of Company B and brought the company to Respondent JTF for investment banking work in the summer of 2010. When the Funds extended a bridge loan to Company B, JTF received a fee on the loan despite having done only minor work on the loan.

36. Between 2008 and 2010, JTF was paid a total of $488,750 in fees from four bridge loans, including at least two for which it did inconsequential work. JTF's fees came from the borrowing company, which paid the fees upon receipt of the bridge loan money from the Funds, thereby immediately diminishing the loans the Funds made by the amount of the fees the Manager arranged for Respondent JTF.

37. In addition to the bridge loan fees, the Manager and the Adviser paid JTF more than $741,000 in brokerage commissions from the Funds' securities trades, nearly $2.5 million in placement fees for selling shares of the Funds, and more than $4 million in consulting fees for investment banking work.

38. Respondents took improper action, thereby enabling the Manager and the Adviser to misuse the Funds' assets and misrepresent the Manager's exclusive role in making investment decisions for the Funds.

39. As a result of the conduct described above, Respondents JTF and Belesis willfully[3] aided and abetted and caused the Adviser's and the Manager' violations of Section 206(2) of the Advisers Act.

[3] A willful violation of the securities laws means "that the person charged with the duty knows what he is doing." Wonsover v. SEC, 205 F.3d 408, 411 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C. Cir. 1949)).

IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, and for the protection of investors to impose the sanctions agreed to in Respondents' Offer.

Accordingly, pursuant to Sections 15(b)(4) and 15(b)(6) of the Exchange Act, Section 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that**:**

A. Respondents shall cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act.

B. Respondents are censured.

C. Respondent Belesis be, and hereby is:

> barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;
>
> prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and
>
> 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.

with the right to apply for reentry after one (1) year to the appropriate self-regulatory organization, or if there is none, to the Commission.

D. Any reapplication for association by Respondent Belesis 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.

E. Respondent Belesis shall, within fifteen (15) days of the entry of this Order, pay disgorgement of $311,948, prejudgment interest of $88,052, and a civil money penalty in the amount of $100,000 to the Securities and Exchange Commission. If timely payment of disgorgement is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. If payment of a civil penalty is not timely made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;[4]
(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or
(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying John Thomas Financial, Inc. and Anastasios "Tommy" Belesis as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Andrew M. Calamari, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, 4th Floor, New York, NY 10281-1022.

F. Respondent JTF shall pay civil penalties of $500,000 to the Securities and Exchange Commission. Payment shall be made in the following installments:

a. $125,000 plus interest pursuant to 31 U.S.C. § 3717, due 90 days from the entry of this Order;
b. $125,000 plus interest pursuant to 31 U.S.C. § 3717, due 180 days from the entry of this Order;
c. $125,000 plus interest pursuant to 31 U.S.C. § 3717, due 270 days from the entry of this Order; and
d. Any outstanding balance plus interest pursuant to 31 U.S.C. § 3717, due 360 days from the entry of this Order.

If any payment is not made by the date the payment is required by this Order, the entire outstanding balance the civil penalties, plus any additional interest accrued pursuant to 31 U.S.C.

[4] The minimum threshold for transmission of payment electronically is $1,000,000. For amounts below the threshold, respondents must make payments pursuant to option (2) or (3) above.

3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;[5]
(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or
(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying John Thomas Financial, Inc. and Anastasios "Tommy" Belesis as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Andrew M. Calamari, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, 4th Floor, New York, NY 10281-1022.

G. Such civil money penalty may be distributed pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended ("Fair Fund distribution"). Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty

[5] See note 4 above.

and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Elizabeth M. Murphy
Secretary