

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 71757 / March 20, 2014

INVESTMENT ADVISERS ACT OF 1940
Release No. 3800 / March 20, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15807

In the Matter of

FRANK MAZZOLA and
FELIX INVESTMENTS, LLC

Respondents.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF
1940, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Frank Mazzola (“Mazzola”) and Felix Investments, LLC (“Felix Investments”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 and the findings contained in Section III.4 below, which are admitted, Respondents consent to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds that:

Respondents and Other Relevant Party

1. Respondent Frank Mazzola, age 46, resides in Upper Saddle River, New Jersey, and since 2009 has been an owner of Respondent Felix Investments, a registered broker-dealer in New York City. During the relevant time period, Mazzola was a co-managing member of Facie Libre Management Associates, LLC. Mazzola holds Series 7, 8, 63, and 65 securities licenses.

2. During the relevant time period, Respondent Felix Investments was a registered broker-dealer in New York City, and was owned by Mazzola and three others. Felix Investments served as the exclusive placement agent for several funds created and managed by Mazzola and others. Felix Investments solicited investors for the private funds through its registered representatives, including Mazzola and others, provided the funds' offering materials to potential investors, and effected investors' purchases of interests in the funds.

3. Facie Libre Management Associates, LLC ("Facie Libre") is a Delaware limited liability company that served as the investment adviser to two pooled investment vehicles affiliated with Felix: Facie Libre Associates I, LLC and Facie Libre Associates II, LLC, (collectively, the "FLA Funds"), both of which engaged primarily in the business of investing in pre-IPO Facebook securities. During the relevant time period, Mazzola was a co-managing member of Facie Libre. As of January 2011, Facie Libre managed more than \$41 million for hundreds of investors in the FLA Funds.

Final Judgment Imposing Permanent Injunctions

4. On March 10, 2014, a final judgment ("Final Judgment") was entered by consent, without admitting or denying any of the complaint's allegations, against Respondents in the civil action captioned Securities and Exchange Commission v. Frank Mazzola, et al., No. 12-CV-1258, in the United States District Court for the Northern District of California. The Final Judgment permanently enjoins Mazzola from violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, and Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder; and permanently enjoins Felix Investments from violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

5. The Commission's complaint alleged that Respondents engaged in a series of misrepresentations and deceptions to actual and prospective investors in the FLA Funds and other, similar pooled investment funds designed to invest in the securities of popular technology companies that had yet to go public. Specifically, the complaint alleged that for nearly a year Respondents failed to inform investors and prospective investors that Facebook had blocked the transfer of Facebook shares to the FLA Funds in several pending transactions. The complaint further alleged that Respondents failed to disclose that Felix had a written fee referral agreement with another broker-dealer and, as a result, Respondents misrepresented and failed to disclose the

full amount of compensation that Felix received as the exclusive placement agent for the FLA Funds. The complaint further alleged that Respondents solicited investors for the FLA Funds and for another fund created to invest in Twitter stock by making claims for which they had no reasonable basis. Finally, the complaint alleged that Respondents falsely led investors to believe that a fund created to invest in Zynga stock owned Zynga stock when it did not.

Undertakings

6. On or before August 31, 2014, Mazzola shall resign from, and have no further association with, Felix Investments and Felix Advisors, LLC (collectively, "Felix Entities").

7. During Respondent Mazzola's remaining association with Felix Investments and Felix Advisors, LLC, Mazzola shall not: (i) raise new capital; (ii) make capital calls from existing investors; or (iii) solicit any existing investors to roll their current investment into any other investment with the Felix Entities. Mazzola shall not receive any compensation, including any salary, bonus, or fees, for any services he provides during his remaining association with the Felix Entities.

8. Within thirty (30) days of the date of this Order, Mazzola shall cause the Felix Entities to engage, and to retain until such time as Mazzola has resigned from association with those entities, at the expense of the Felix Entities, an independent third-party consultant with compliance expertise (and who is not unacceptable to the Commission staff): (1) to review Mazzola's activities at the Felix Entities, including the scheduled resolution of certain funds; (2) to report to the Commission staff on an ongoing basis any violations or potential violations of this Order or the Final Judgment at either or both of the Felix Entities; and, upon the resignation of Mazzola (on or before August 31, 2014), to report to the Commission staff on the orderly departure of Mazzola from the Felix Entities. Mazzola shall cooperate fully with the independent third-party consultant thus engaged, including by providing that person with access to any and all documentation, files, data, and other materials requested for review to carry out the duties described in this Order.

9. Mazzola shall certify, in writing, compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Mazzola agrees to provide such evidence. The certification and supporting material shall be submitted to Marshall Sprung, Co-Chief of the Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, CA 90036-3648, with a copy to the Office of Chief Counsel of the Division of Enforcement, 100 F Street, NE, Washington, DC 20549, no later than sixty (60) days from the date on which Mazzola ceases to be associated with the Felix Entities.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act that:

- A. Respondent Mazzola is barred from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, with the right to apply for reentry after three (3) years to the appropriate self-regulatory organization, or if there is none, to the Commission; provided, however, that Respondent Mazzola may continue, until August 31, 2014, to remain associated with Felix Investments, LLC and Felix Advisors, LLC subject to the limitations set forth in the Undertakings and subject to the oversight of an independent third-party consultant retained for such purpose, in order to permit the orderly, scheduled resolution of certain funds. In the event Respondent Mazzola fails to comply with any of the Undertakings, he shall no longer be permitted to remain associated with Felix Investments, LLC or Felix Advisors, LLC but will instead be subject to the terms of the bar without any exceptions.
- B. Any reapplication for association by Mazzola 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 Mazzola, 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.
- C. Respondent Felix Investments is censured.

By the Commission.

Jill M. Peterson
Assistant Secretary