UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4273/ November 19, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16223

In the Matter of **SANDS BROTHERS ASSET MANAGEMENT, LLC, STEVEN SANDS, MARTIN SANDS, AND CHRISTOPHER KELLY,** **Respondents.**	**ORDER MAKING FINDINGS AND IMPOSING PENALTIES, REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER PURSUANT TO SECTIONS 203(e), 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940 AGAINST SANDS BROTHERS ASSET MANAGEMENT, LLC, STEVEN SANDS AND MARTIN SANDS**

I.

The Securities and Exchange Commission ("Commission") instituted public administrative and cease-and-desist proceedings on October 29, 2014, pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act"), against Sands Brothers Asset Management, LLC ("SBAM"), Steven Sands ("S. Sands"), Martin Sands ("M. Sands," and together with SBAM and S. Sands, the "Respondents") and Christopher Kelly ("Kelly").

On August 31, 2015, the Hearing Officer issued an Order on Motions for Summary Disposition pursuant to Rule of Practice 250(b), 17 C.F.R. § 201.250(b) (the "Order on Summary Disposition"), partially granting the motion of the Division of Enforcement ("Division") for summary disposition against Respondents. The Order on Summary Disposition denied the Division's motion for summary disposition as to sanctions and ordered additional proceedings to determine what civil penalties and remedial sanctions pursuant to Sections 203(e), 203(f), 203(i) and 203(k) of the Advisers Act against Respondents are in the public interest.

II.

In anticipation of those proceedings, Respondents have submitted an Offer of Settlement ("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, the subject matter of these proceedings, and the findings contained in Sections III. 10, 11 and 12 below, which are admitted, Respondents consent to the entry of this Order Making Findings and Imposing Penalties, Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 ("Order"), as set forth below.

III.

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

Summary

1. For the fiscal years 2010, 2011 and 2012, SBAM failed to timely distribute audited financial statements to the investors of the pooled investment vehicles managed by SBAM in violation of the "custody rule" – Rule 206(4)-2 under Section 206(4) of the Advisers Act – and without regard to an Order issued by the Commission in October 2010 requiring SBAM, S. Sands and M. Sands to cease and desist from violating or causing any future violations of that rule.

2. S. Sands and M. Sands, the two co-chairmen of SBAM, aided, abetted and caused SBAM's custody rule violations, and were not in compliance with the Commission's 2010 Cease-And-Desist Order when they failed to implement any procedures or safeguards to ensure compliance. In fact, none of the Respondents made adequate efforts to ensure that SBAM met its custody rule obligations, either by disseminating the audited financial statements that investors in certain of SBAM's-managed funds were entitled to receive, or alternatively by submitting to a surprise examination to verify client assets.

Respondents

3. SBAM is a New York limited liability company formed in June 1998, and has been registered with the Commission as an investment adviser since July of that year. SBAM maintains offices in New York, Connecticut and California, and provides investment advisory services to various pooled investment vehicles. As of July 2014, SBAM had approximately $64 million under management. SBAM is owned by the Julios and Targhee Trusts, which are set up for the benefit of the families of M. Sands and S. Sands, SBAM's principals.

4. S. Sands, age 56, resides in Locust Valley, New York. He is a principal, co-founder, and controlling person of SBAM, and acts as a senior portfolio manager. He is also a controlling person or director of the managing members / general partners for the pooled investment vehicles that SBAM advises. S. Sands held Series 7, 24 and 63 licenses while previously employed at a number of broker dealers.

[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.

5. M. Sands, age 54, resides in Greenwich, Connecticut. He is a principal, co-founder, and controlling person of SBAM, and acts as a senior portfolio manager. He is also a controlling person or director of the managing members / general partners for the pooled investment vehicles that SBAM advises. M. Sands held Series 3, 7, 8, 24, 63 and 65 licenses while previously employed at a number of broker dealers.

The Custody Rule

6. Rule 206(4)-2, promulgated under Section 206(4) of the Advisers Act (the "custody rule"), is designed to protect investor assets. The custody rule requires that advisers who have custody of client assets put in place a set of procedural safeguards to prevent loss, misuse or misappropriation of those assets.

7. An adviser has "custody" of client assets if it holds, directly or indirectly, client funds or securities, or if it has the ability to obtain possession of those assets. 17 C.F.R. § 275.206(4)-2(d)(2).

8. An adviser who has custody must, among other things: (i) ensure that a qualified custodian maintains the client assets; (ii) have a reasonable basis for believing that the qualified custodian sends quarterly account statements to clients; and (iii) ensure that client funds and securities are verified by actual examination each year by an independent public accountant. *Id.* § 275.206(4)-2(a)(1), (3), (4).

9. The custody rule provides an alternative for advisers to pooled investment vehicles. In relevant part, the rule prescribes that an adviser "shall be deemed to have complied with" the independent verification requirement if the adviser "distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all limited partners (or members or other beneficial owners) within 120 days of the end of its fiscal year." *Id.* § 275.206(4)-2(b)(4)(i). The accountant performing the audit must be an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. *Id.* § 275.206(4)-2(b)(4)(ii). An adviser that takes this approach is also not required to satisfy the account statements delivery requirement described above. *Id.* § 275.206(4)-2(b)(4).

The Order on Summary Disposition

10. In the Order on Summary Disposition, the Hearing Officer determined that SBAM willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder by failing to distribute to investors the fiscal year 2010, 2011 and 2012 audited financial statements of ten funds as to which SBAM acted as Investment Adviser within the period provided for in Rule 206(4)-2.

11. The Hearing Officer further determined that M. Sands caused and willfully aided and abetted SBAM's violations as to the late distribution of five of the funds' fiscal year 2010 audited financial statements.

12. The Hearing Officer further determined that S. Sands and M. Sands caused and willfully aided and abetted SBAM's violations as to the late distribution of ten of the funds' fiscal year 2011 and 2012 audited financial statements.

SBAM's History of Non-Compliance with the Custody Rule

13. SBAM provides investment advisory services to a number of pooled investment vehicles. At all times relevant hereto, SBAM served as investment adviser to the following pooled investment vehicles: Sands Brothers Venture Capital LLC, Sands Brothers Venture Capital II LLC, Sands Brothers Venture Capital III LLC, Sands Brothers Venture Capital IV LLC, Katie & Adam Bridge Partners LP, Granite Associates, LLC, 280 Ventures LLC, Genesis Merchant Partners LP, Genesis Merchant Partners II LP, Vantage Point Partners LP, Select Access LLC, Select Access (Institutional) LLC, Select Access III LLC, and SB Opportunity Technology Associates Institution LLC.

14. In 1999, the staff of the Commission's Office of Compliance Inspection and Examinations ("OCIE") performed an examination of SBAM. As a result of that examination, a deficiency letter was issued that concluded, among other things, that SBAM wrongly stated in its Form ADV that it does not have custody of client assets. To the contrary, by virtue of the relationship of the Adviser to its pooled investment vehicles, and the relationship between S. Sands and M. Sands and the managing members / general partners of those vehicles, SBAM did in fact appear to have custody of client assets.[2]

15. The deficiency letter, addressed to M. Sands, went on to spell out some of the requirements that SBAM had to meet as a custodian of investor assets.

16. In 2010, as a result of subsequent OCIE examinations in 2004 and 2009 and an investigation by the Division of Enforcement, SBAM, M. Sands and S. Sands consented, without admitting or denying the findings therein, to the entry of an Order Instituting Administrative and

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[2] All but one of the funds at issue in the 1999 deficiency letter were different from the funds that SBAM advises today. Nonetheless, the arrangements cited in 1999 leading the staff to conclude that SBAM had custody over client assets exist with respect to SBAM's current funds. As to the one fund that SBAM still advises that was addressed in the 1999 deficiency letter – Katie and Adam Bridge Partners, L.P. – the exam staff concluded that SBAM appeared to have custody of investor assets because a provision in the Limited Partnership Agreement provided that the General Partner, controlled by S. Sands and M. Sands, had authority to "open, maintain, and close bank accounts and draw checks or other orders for the payment of monies…." That arrangement remained the same.

Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 (the "2010 Order").

17. Among other findings, the Commission's 2010 Order found that SBAM willfully violated the custody rule by improperly relying on the pooled investment vehicle alternative, which allowed for the distribution of audited financial statements in lieu of submitting to a surprise examination by an independent public accountant to verify custody of assets, among other requirements. In particular, SBAM: (i) failed to submit to an adequate audit performed in accordance with generally accepted standards; and (ii) did not timely distribute audited financial statements. The Commission's 2010 Order further found that SBAM continued to state in its Forms ADV that it did not have custody over client funds when, in fact, it did.[3] (2010 Order ¶¶ 7-11.)

18. The Commission's 2010 Order concluded that, as the lead principals primarily responsible for the relevant SBAM actions, S. Sands and M. Sands willfully aided and abetted and caused SBAM's violations of the custody rule. (*Id.* ¶¶ 4, 13(e).)

19. In light of these and other violations of the Advisers Act, the Commission's 2010 Order ordered that: (i) SBAM, S. Sands and M. Sands cease and desist from committing or causing violations or future violations of, among other things, the custody rule; (ii) SBAM, S. Sands and M. Sands be censured; and (iii) SBAM pay a civil money penalty of $60,000. (*Id.* § IV(A)-(C).)

<u>SBAM Continued to Violate the Custody Rule After the 2010 Order</u>

20. The 2010 Order notwithstanding, SBAM failed to comply with the custody rule in the years that followed. SBAM neither submitted to a surprise examination, nor distributed its audited financials in the 120-day window imposed by the rule. Indeed, SBAM took no remedial action in response to the 2010 Order to implement policies or procedures aimed at ensuring compliance with the custody rule.

21. For the period 2010 through 2012, SBAM had custody of client assets within the meaning of Rule 206(4)-2(d)(2). At no time from 2010 through the present has SBAM submitted to a surprise examination by an independent public accountant.

22. SBAM distributed its funds' audited financial statements for the fiscal years 2010 – 2012 after the 120-day custody rule deadline.

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[3] In addition to the custody rule deficiencies, the 2010 Order found violations of Advisers Act Section 204 and Rule 204-2 for failing to make, keep and furnish copies of certain books and records to the Commission, and Sections 204 and 207 and Rule 204-1 for making inaccurate statements in, and failing to properly file, its Form ADV.

a. Audited financial statements for the fiscal year 2010 were distributed at least 40 days late for the following funds: Sands Brothers Venture Capital LLC, Sands Brothers Venture Capital II LLC, Sands Brothers Venture Capital III LLC, Sands Brothers Venture Capital IV LLC, Katie & Adam Bridge Partners LP, Granite Associates, LLC, 280 Ventures LLC, Genesis Merchant Partners LP, Genesis Merchant Partners II LP and Vantage Point Partners LP (collectively, the "Ten Funds");

b. Audited financial statements for the fiscal year 2011 were distributed at least 191 days (over 6 months) late and up to 242 days (nearly 8 months) late for the Ten Funds; and

c. Audited financial statements for the fiscal year 2012 were distributed at least 84 days and up to 93 days (approximately 3 months) late for the Ten Funds.

23. The circumstances that led the audits to be delayed were predictable and not unforeseeable. As SBAM's auditors noted with respect to the audit for the fiscal year 2012, "[t]here was a delay in the timely receipt from [SBAM] management of the information supporting the valuation of non-performing loans . . . which significantly affected the completion of the audit and the timely issuance of the financial statements." The conditions underlying that delay "were known or identifiable before the commencement of the audits," and therefore "a more proactive timely approach by your valuation staff in identifying these situations and obtaining the necessary documentation . . . could alleviate most of the audit issues." Indeed, the auditors had repeated difficulty obtaining the information they needed to value the same portfolio companies year over year. This was so even though for some of those companies, S. Sands and/or M. Sands served on the company's board, and for one such portfolio company, Kelly acted as President and Chief Executive Officer.

24. S. Sands and M. Sands knew or were reckless in not knowing about, and substantially assisted, SBAM's violations of the custody rule. In the wake of the 2010 Order – which specifically found that S. Sands and M. Sands aided, abetted and caused SBAM's custody rule violations – S. Sands and M. Sands were aware of the custody rule requirements; indeed, S. Sands and M. Sands executed a notarized offer of settlement to enter into the 2010 Order. And, they knew about SBAM's failure to timely distribute audited financial statements because they regularly communicated with the auditors during the audit process and signed representation letters immediately prior to the completion of each year's audit. Further, as the principals and founders of SBAM, S. Sands and M. Sands were responsible for ensuring that SBAM's compliance personnel has the authority to implement whatever procedures and policies are necessary to ensure that SBAM complied with the Advisers Act. Additionally, as subjects of the 2010 Order, they were responsible for ensuring that SBAM did not engage in future violations of the custody rule.

Violations

25. As a result of the conduct described above, SBAM willfully violated Section 206(4) of the Advisers Act, which prohibits a registered investment adviser from engaging in fraudulent, deceptive or manipulative conduct, and Rule 206(4)-2 thereunder, which requires an adviser to take certain enumerated steps to safeguard client assets over which it has custody.

26. As a result of the conduct described above, S. Sands and M. Sands willfully aided and abetted and caused SBAM's violations of Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder.

Undertakings

Respondents have undertaken to:

27. Independent Monitor.

a. Within thirty (30) days of the date of this Order, S. Sands and M. Sands shall cause SBAM to engage an Independent Monitor which is not unacceptable to the Commission staff (the "Monitor"), for a period running from the date of the Monitor's retention through November 30, 2018, to oversee Respondents' compliance with all applicable securities laws, rules and regulations, including but not limited to the Advisers Act and the Undertakings in this Order. The Monitor's compensation and expenses shall be borne exclusively by Respondents and without direct or indirect reimbursement from any of the funds for which SBAM acts as investment adviser (the "Funds").

b. Respondents shall require that the Monitor perform annual reviews of SBAM ("Reviews"), within 60 (sixty) days of the last day of each applicable year, for its compliance with applicable securities laws, rules and regulations, with the first review as of December 31, 2015, the second review as of December 31, 2016, and the final review, as of December 31, 2017.

c. Respondents shall provide to the Commission staff, within thirty (30) days of retaining the Monitor, a copy of the engagement letter detailing the Monitor's responsibilities, which shall include the Reviews to be made by the Monitor as described in this Order.

d. Respondents shall require that, within forty-five (45) days from the end of each annual review, the Monitor shall submit a written and dated report of its findings to SBAM and to the Commission staff (the "Report"). Respondents shall require that each Report include a description of the review performed, the names of the individuals who performed the review, the conclusions reached, the Monitor's recommendations for changes in or improvements to SBAM's policies and procedures and/or practices, and a procedure for implementing the recommended changes in or improvements to SBAM's policies and procedures and/or practices.

e. Respondents shall adopt all recommendations contained in the Report within sixty (60) days of the date of the receipt of the Report, provided, however, that within forty-five (45) days after the date of the applicable Report, Respondents shall in writing advise the Monitor and the Commission staff of any recommendations that SBAM considers to be unduly burdensome, impractical, or inappropriate. With respect to any recommendation that Respondents consider unduly burdensome, impractical or inappropriate, SBAM need not adopt that recommendation at that time but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose as that recommended by the Monitor. As to any recommendation with respect to SBAM policies and procedures and/or practices on which Respondents and the Monitor do not agree, Respondents and the Monitor shall attempt in good faith to reach an agreement within sixty (60) days after the date of the applicable Report. Within seventy-five (75) days after the date of the applicable Report, Respondents shall require that the Monitor inform Respondents and the Commission staff in writing of the Monitor's final determination concerning any recommendation that Respondents consider to be unduly burdensome, impractical or inappropriate. Respondents shall abide by the determinations of the Monitor and within sixty (60) days after final agreement between Respondents and the Monitor or final determination by the Monitor, whichever occurs first, Respondents shall adopt and implement all of the recommendations that the Monitor deems appropriate.

f. Within ninety (90) days of Respondents' adoption of all of the recommendations in a Report that the Monitor deems appropriate, as determined pursuant to the procedures set forth herein, M. Sands and S. Sands shall certify in writing to the Monitor and the Commission staff that Respondents have adopted and implemented all of the Monitor's recommendations in the applicable Report. Unless otherwise directed by the Commission staff, all Reports, certifications, and other documents required to be provided to the Commission staff shall be sent to Wendy Tepperman, Assistant Regional Director, Securities and Exchange Commission, 200 Vesey Street, New York, New York 10281, or such other address as the Commission staff may provide.

g. Respondents shall cooperate fully with the Monitor and shall provide the Monitor with access to such of SBAM's files, books, records, and personnel as are reasonably requested by the Monitor for review, including, if requested by the Monitor, access by on-site inspection.

h. To ensure the independence of the Monitor, Respondents: (1) shall not have the authority to terminate the Monitor or substitute another independent monitor for the initial Monitor, without the prior written approval of the Commission staff; and (2) shall compensate the Monitor and persons engaged to assist the Monitor for services rendered pursuant to this Order at their reasonable and customary rates.

i. Respondents shall require the Monitor to enter into an agreement that provides that for the period of engagement and for two (2) years after the completion of the period of engagement pursuant to this Order has ended, the Monitor shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with SBAM, or any of its current or former affiliates (including any of its managed funds), directors, officers, employees, or agents acting in their capacity as such.

j. Respondents shall not be in, and shall not have an attorney-client relationship with the Monitor and shall not seek to invoke the attorney-client privilege or any other doctrine or privilege to prevent the Monitor from transmitting any information, reports, or documents to the staff of the Commission.

k. The Commission staff may extend any of the procedural dates relating to the undertakings in Paragraphs (27)(b) through (f) for good cause shown as determined in the sole discretion of the Commission staff.

28. <u>Evidence of SBAM's Compliance with the Custody Rule by Delivering Audited Financial Statements or Submitting to a Surprise Examination</u>.

a. <u>Satisfactory evidence of delivery of audited financial statements to investors</u>.

1. By no later than 5:30 p.m. Eastern Time on May 10, 2016, Respondents shall provide to the Monitor, with a copy to the Commission staff, satisfactory evidence of SBAM's delivery to each of the Ten Funds' investors, by no later than 120 days after the end of each Fund's 2015 fiscal year, of each of the Ten Funds' fiscal year 2015 audited financial statements, prepared in accordance with generally accepted accounting principles, and audited by a PCAOB-registered independent public accountant, which has rendered an unqualified opinion as to each of the Ten Funds' financial statements.

2. By no later than 5:30 p.m. Eastern Time on May 10, 2017, Respondents shall provide to the Monitor, with a copy to the Commission staff, satisfactory evidence of SBAM's delivery to each of the Ten Funds' investors, by no later than 120 days after the end of each of the Ten Funds' 2016 fiscal year, of each of the Ten Funds' fiscal year 2016 audited financial statements, prepared in accordance with generally accepted accounting principles, and audited by a PCAOB-registered independent public accountant, which has rendered an unqualified opinion as to each of the Ten Funds' financial statements.

3. By no later than 5:30 p.m. Eastern Time on May 10, 2018, Respondents shall provide to the Monitor, with a copy to the Commission staff, satisfactory evidence of SBAM's delivery to each of the Ten Funds' investors, by no later than 120 days after the end of each of the Ten Funds' 2017 fiscal year, of each of the Ten Funds' fiscal year 2017 audited financial statements, prepared in accordance with generally accepted accounting principles, and audited by a PCAOB-registered independent public accountant, which has rendered an unqualified opinion as to each of the Ten Funds' financial statements.[4]

b. <u>Satisfactory evidence of completion of surprise examination</u>.

[4] Should any of the Ten Funds' fiscal year end change from December 31, then the date by which Respondents must provide satisfactory evidence of delivery pursuant to this Paragraph 28 shall be the 131st day after the last day of that fund's new fiscal year end.

1. For any year, and for any of the Ten Funds, that Respondents elect to comply with the custody rule by undergoing a surprise examination, during that calendar year, by a PCAOB-registered independent public accountant in compliance with Rule 206(4)-2(a)(4) of the Advisers Act, SBAM shall notify the Monitor within thirty (30) days of engaging an independent public accountant to perform such surprise examination, and provide the Monitor with the terms of such engagement.

2. If Respondents comply with the obligations of Paragraph 28(b)(1), they are relieved of their obligation to provide satisfactory evidence of SBAM's delivery of audited financial statements as set forth in Paragraph 28(a) as to each fiscal year and as to each of the Ten Funds for which a certificate on Form ADV-E (17 C.F.R. § 279.8) has been filed within 120 days of the time chosen by the accountant engaged in paragraph 28(b)(1) above for such surprise examination.

c. Failure to comply. Respondents agree to make a payment of $15,000 per each fund for each day that either (i) Respondents fail to provide the Monitor with satisfactory evidence of SBAM's delivery of each of the Ten Funds' audited financial statements to each of the Ten Funds' investors by the dates set out in Paragraph 28(a), unless relieved of such obligation under Paragraph 28(b)(2); or (ii) SBAM fails to deliver each of the Ten Funds' audited financial statements to each of the Ten Funds' investors by 120 days of each of the Ten Funds' fiscal year end, unless relieved of such obligation under Paragraph 28(b)(2). Such additional payments are in lieu of the Commission seeking a civil monetary penalty for Respondents' violation of this Order pursuant to Section 209(e)(4) of the Advisers Act. If Respondents fail to comply with either obligation set out in Paragraph 28(a), unless relieved of such obligations under Paragraph 28(b)(2), Respondents agree to make the $15,000 payment per day for each of the Ten Funds as to which they have failed to comply.

Payment shall be made to the Commission for transfer to the general fund of the United States Treasury in accordance with Section 21F(g)(3) of the Securities Exchange Act of 1934. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

(1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondents 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) Respondents 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 SBAM, S. Sands, and M. Sands 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 Sanjay Wadhwa, Senior Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, Brookfield Place, 200 Vesey Street, New York, NY 10281.

29. Provide to the Commission, within 30 days after the end of the twelve (12) month suspension period described below, an affidavit that they have complied fully with the sanctions described in Section IV below.

30. Certify, in writing, compliance with the undertaking(s) set forth in paragraphs 27 and 28(a) and (b) above. The certification shall identify the undertaking(s), 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 Respondents agree to provide such evidence. The certification and supporting material shall be submitted to Sanjay Wadhwa, Senior Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, Brookfield Place, 200 Vesey Street, New York, NY 10281, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the penalties, remedial sanctions, and cease-and-desist order agreed to in Respondents' Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 203(k) of the Advisers Act, Respondents SBAM, M. Sands, and S. Sands shall cease and desist from committing or causing any violations and any future violations of Section 206(4) and Rule 206(4)-2 promulgated thereunder.

B. Pursuant to Sections 203(e) and 203(f) of the Advisers Act, Respondents SBAM, M. Sands, and S. Sands be, and hereby are, suspended from acting as an investment adviser to any new clients or raising any monies or assets on behalf of the Funds from any new or existing investors, for a period of twelve (12) months after the entry of this Order.

C. Pursuant to Section 203(i) of the Advisers Act, Respondents SBAM, M. Sands, and S. Sands on a joint and several basis shall, within 14 days of the entry of this Order, pay a civil money penalty in the total amount of $1,000,000 to the Commission for transfer to the general fund of the United States Treasury in accordance with Section 21F(g)(3) of the Securities Exchange Act of 1934. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

(1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondents 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) Respondents 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 SBAM, M. Sands, and S. Sands 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 Sanjay Wadhwa, Senior Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, Brookfield Place, 200 Vesey Street, New York, NY 10281.

D. Pursuant to Section 203(k) of the Advisers Act, Respondents SBAM, M. Sands, and S. Sands shall comply with their undertakings contained in Section III, paragraphs 27 and 28(a) and (b), above.

V.

It is further Ordered that, for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Brent J. Fields
Secretary