UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4721 / June 29, 2017

INVESTMENT COMPANY ACT OF 1940
Release No. 32716 / June 29, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18055

In the Matter of

RESILIENCE MANAGEMENT, LLC, BASSEM MANSOUR AND GEORGE AMMAR

Respondents.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTIONS 203(e), 203(f), AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e), 203(f), and 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 Resilience Management, LLC ("Resilience"), Bassem Mansour ("Mansour"), and George Ammar ("Ammar") (collectively, "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement ("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, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this

Order Instituting Administrative and Cease-And-Desist Proceedings, Pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act, and Section 9(b) of the Investment Company Act, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order ("Order"), as set forth below.

III.

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

Summary

1. From at least September 2010 through August 2013, Resilience, an SEC-registered investment adviser, through Mansour, its co-Chief Executive Officer ("co-CEO"), improperly borrowed money from Resilience's three private equity funds ("Funds") and caused the Funds' general partners to not make timely capital contributions to the Funds. These practices were not authorized by the Funds' operating documents and were not adequately disclosed to the Funds' investors. Mansour also caused Resilience to make misleading statements in the Funds' capital call notices, limited partnership agreements and audited financial statements. The amounts of unpaid capital contributions and borrowings totaled nearly $10 million in 2013 when a new Chief Financial Officer ("CFO")/Chief Compliance Officer ("CCO") determined that the Funds' limited partnership agreements ("LPAs") did not permit the borrowing and recommended that Resilience repay the outstanding amounts. Resilience subsequently repaid the Funds.

2. In addition, Ammar, Resilience's CFO from September 2008 to March 2013 and CCO from March 2012 to March 2013, made false entries in Resilience's books and records to cover up his misuse and improper advancement of approximately $200,000 of non-client funds that he took from Resilience without authorization.

Respondents

3. Bassem Mansour, age 46, is a resident of Hunting Valley, Ohio. Mansour co-founded Resilience in July 2001 and has served as its co-CEO since that time.

4. Resilience Management, LLC is an Ohio limited liability company in Cleveland, Ohio. It was founded in 2001 to advise and manage private equity Funds with limited durations and investment periods. It has been registered with the Commission as an investment adviser since March 2012. At year-end 2013, when the relevant conduct

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

ceased, Resilience had $329 million in assets under management, held by its three private funds clients, and total revenue of approximately $9 million.

5. George Ammar, age 53, is a resident of Broadview Heights, Ohio. Ammar was the CFO of Resilience from September 2008 through early March 2013, and CCO of Resilience from March 2012 through early March 2013.

Facts

Background

6. Resilience was founded in July 2001 by Mansour and his co-CEO, with each owning 50% of the firm. Mansour oversees the operations of Resilience, the Funds and the general partners of the Funds, and also makes and manages investments for the Funds.

7. Resilience raised money sequentially for each of the Funds, raising $43 million for Resilience Fund II, LP ("Fund II") from its inception through 2006, $15 million for Resilience Fund IIA, LP ("Fund IIA") from 2008 through 2009, and $222.5 million for Resilience Fund III, LP ("Fund III") from 2010 through June 2012. Investors committed capital for a multi-year period, and capital was called in anticipation of making specific investments or to pay Fund expenses, rather than being paid up front. Resilience typically made investments on behalf of the Funds in companies that it considered to be underperforming or restructuring opportunities. Resilience separately entered into agreements with the Portfolio Companies to provide management services in exchange for advisory fees. When the investments were sold, investment proceeds, net of reserves, were distributed back to investors.

8. Each Fund was governed by a LPA, which provided terms for, among other things, the calculation and payment of capital contributions by the partners. Under the LPAs, each partner of a particular Fund committed a specific amount of capital to the particular Fund and paid out a percent of this "capital commitment" to make investments in the Fund's Portfolio Companies. Investors contractually agreed to pay their capital commitment over the life of the particular Fund through periodic "capital call" demands made by the general partner ("GP"). According to the LPAs, capital would be used to invest in the Fund's Portfolio Companies and pay management fees as well as organizational or partnership expenses. The LPAs required partners to make their payments by the drawdown date in the capital call notice.

9. The LPAs also set the amount and manner of management fees paid by the Funds to Resilience, and the particular Fund's responsibility to pay organizational and partnership expenses. According to the LPAs, Resilience was entitled to receive an annual management fee equal initially to 2% of committed capital and later, to 2% of the invested capital.. The Funds' management fees were required to be offset by a percentage of Resilience's other fee income, including advisory fees received from

Portfolio Companies. Organizational expenses included those incurred in organizing and funding the partnership. Partnership expenses were defined as the "costs, expenses, liabilities and obligations relating to Partnership activities, investments, and businesses (to the extent not paid by or reimbursed by a Portfolio Company)," including those incurred in acquiring, managing, holding or disposing of the investments. The Funds were not responsible for paying manager expenses, which were the costs and expenses of Resilience for normal operating overhead of the partnership, including salaries and benefits of Resilience's employees and costs for office space and equipment.

10. The LPAs also prohibited the GPs from borrowing from the Funds, "except as expressly permitted in the agreement," and contained no provision expressly permitting the GPs or anyone else to borrow from the Funds. Because Resilience controlled the GPs, it was also implicitly prohibited from borrowing from the Funds.

Mansour Did Not Timely Make Required Capital Contributions to the Funds

11. As members of the GPs, Mansour and his co-CEO were required to contribute their capital through the GPs to the Funds along with other partners. However, they usually did not make their contributions through the GPs to the Funds at the time required by the capital calls. Mansour did not make timely contributions to the Funds because he did not have the ability to pay. Mansour spoke with his co-CEO and decided that the co-CEO would also not make timely contributions to keep both of their outstanding capital contributions equal to their ownership interests. Mansour owed approximately $1 million in outstanding GP capital contributions when the conduct ceased.

Resilience Borrowed and Advanced Money from the Funds

12. From September 2010 through August 2013, Resilience borrowed approximately $8 million from the Funds to pay its expenses. Resilience often had insufficient funds to cover its expenses because some Portfolio Companies were paying little or none of the advisory fees they owed to Resilience. After discussions with Ammar and Resilience's then-COO, Mansour requested or authorized these borrowings, which he referred to as "advances," from the Funds. Mansour also personally borrowed money from Resilience during this time period, sometimes shortly after the Fund advances were made.

13. In early 2009, Mansour, Resilience's then-COO and Ammar discussed over email whether the Funds were responsible for unpaid advisory fees under the LPA. The COO focused on language in the LPA's partnership expenses provision stating that the Fund is responsible for expenses "to the extent not paid by or reimbursed by a Portfolio Company," and (incorrectly) interpreted this language to mean that if the Portfolio Companies did not pay their advisory fees, then Resilience could take advances from the Funds to cover the unpaid advisory fees.

14. The Funds, however, were not responsible to pay advisory fees owed by Portfolio Companies to Resilience. Under the LPAs, the Funds were required to pay expenses "related to the Partnership's activities, investments and businesses," not expenses of the Portfolio Companies or uncollected advisory fee income.

15. Moreover, Resilience borrowed more money from the Funds than was owed by the Portfolio Companies for advisory fees, which was expressly prohibited by the LPAs.

Resilience and Mansour Did Not Make Adequate Disclosures to Fund Investors

16. Resilience sent capital call notices to limited partners in the Funds stating that capital was called for particular investments in Portfolio Companies and for investment expenses. Capital call notices, however, omitted to state that capital was also being called for advances to Resilience, or to cover unpaid Portfolio Company advisory fees, which were not permitted. Mansour approved and signed all of the capital call notices.

17. From September 2010 through May 2012, Resilience offered and sold $222.5 million in Fund III partnership interests. The LPA provided to prospective investors prohibited borrowing from the Fund and stated that the partners were required to make capital contributions by the date provided in the call notices. Resilience, however, did not disclose to Fund III's investors that it would borrow from the Fund or that the general partner would not make timely capital contributions to the Fund. Mansour did not timely pay his portion of the general partner capital contributions shortly after Fund III began operations in June 2011 and Resilience received additional advances from the Fund in 2012 when the offering was ongoing.

18. After investors contributed capital to the Funds, the Funds disclosed outstanding GP capital contributions in audited financial statements provided to the investors. However, the related party footnotes to the financial statements did not disclose the total amount of GP capital contributions that were outstanding or that Mansour and his co-CEO owed a significant amount of the GPs' outstanding obligations to the Funds. As a result, the disclosures were inadequate. Mansour reviewed and approved these financial statements.

19. In December 2012, Resilience replaced $1.8 million and $1.2 million of Resilience receivables on Fund II's and Fund III's books, respectively, with Portfolio Company receivables for advisory fees owed to Resilience. These transfers of receivables were based upon earlier discussions between Mansour, Resilience's former COO, and Ammar after which they began reducing Resilience's receivable on the Fund's books through what they called "non-cash" transactions. Because the Funds were not responsible for the payment of the Portfolio Companies' advisory fees to Resilience under the LPAs, as explained above, it was also improper to later replace the Funds' receivables from Resilience with Resilience's Portfolio Company receivables.

20. The outstanding balance of Resilience and Portfolio Company receivables and interest were listed as assets in the Funds' balance sheets and disclosed in the related party footnotes. The related party footnote in Fund II's 2012 audited financial statements disclosed a reduction in the outstanding receivable balance due from the Investment Manager (Resilience) from approximately $2.6 million (2011) to $500,000 (2012). The related party footnote in Fund III's 2012 audited financial statements disclosed outstanding Portfolio Company receivables of approximately $2.7 million at year-end. These disclosures were misleading because they omitted several material related party transactions. Fund III's related party footnote did not disclose that it had made advances to Resilience during 2012, resulting in a receivable balance of over $1.8 million as of early December 2012, and an outstanding balance of approximately $600,000 at year-end. The related party footnotes for both Funds also omitted that the Resilience receivable balances were reduced by transferring Resilience's Portfolio Company receivables to the Funds. Without this additional information, investors had no way of knowing that Resilience had not actually repaid the Funds or that Resilience had replaced its repayment obligation with the Portfolio company receivables for unpaid advisory fees. Mansour reviewed and approved these financial statements.

21. Resilience made a disclosure in the Statement of Cash Flows in Fund II's 2012 audited financial statements that, as a "non-cash activity," $1.8 million in "advances (was) used to satisfy advisory fees payable to investment manager on behalf of the portfolio companies." This statement was misleading because, unlike prior years, Fund II did not actually advance the money during 2012. It also did not inform the investors that during 2012, Resilience used its Portfolio Company receivables to reduce its outstanding obligation to Fund II.

<u>Ammar Raised Concerns About Additional Borrowing</u>

22. Ammar sent an email to Mansour in March 2011, after he transferred $350,000 from Fund IIA to Resilience and then to Mansour. In the email, Ammar expressed his concern about the amount of Resilience's borrowings from the Fund since the beginning of the year and recommended that Mansour pay the money back. He also stated that, "from an SEC Compliance perspective, we should not be borrowing from the fund unless there is reason to such as unpaid advisory fees on which the Fund all is current."

23. Mansour replied that he understood the concern and that he would soon repay a significant portion of the advances, and that further advances should not be needed. After Ammar's email, Mansour paid a portion of his borrowing back to Resilience. However, Resilience continued to borrow and take advances from the Funds.

Ammar Made False Entries in Resilience's Books and Records

24. In early March 2013, Resilience staff discovered that Ammar had taken approximately $200,000 in non-client funds from Resilience and booked the transactions as employee loans over the prior two years. Ammar gave approximately $165,000 to a friend and also took approximately $35,000 to cover his personal expenses.

25. Ammar wrote checks to himself, claimed false expense reimbursements, and wired funds to a friend from a non-client account. Ammar covered up his misappropriation by making false entries that these were disbursement or loans to employees or Resilience expenses in Resilience's general ledger, thereby making Resilience's books and records inaccurate. Upon discovering Ammar's misappropriation, Resilience terminated his employment and entered into a Separation Agreement and Release with Ammar, requiring him, among other things, to repay all of the missing funds over time. Ammar has been making payments since 2013.

Misleading Journal Entries and Statements in Fund III's 2012 Financial Statements

26. During March and April 2013, after Ammar's termination and before a new CFO was hired by Resilience, Mansour worked with the auditors in completing Fund III's audited financial statements for 2012. He had never been responsible for working with the auditors before.

27. In early March 2013, Fund III received approximately $18 million from investors in a capital call for investments in two Portfolio Companies. On March 13, Mansour caused Fund III to advance $1.6 million of the Fund III investors' capital call money to Resilience.

28. On March 26, 2013, the auditors sent a draft of Fund III's 2012 audited financial statements to Mansour for review. An audit partner asked that "if any of the portfolio company loans have been paid off before we issue, should we add to the subsequent events footnote to show that they were short term in nature?" Mansour replied, "That's what I'm trying to figure out. I think much of this has been cleaned up." At the time, $1.2 million in general partner capital commitments and $2.7 million in Portfolio Company receivables had not been paid off.

29. On March 29, 2013, Mansour requested the (after-tax) transfer of $860,000 each to himself and to his co-CEO as bonuses from Resilience. Resilience would not have had sufficient funds to make these payments without the $1.6 million it had borrowed from Fund III in March 2013. On April 8 and 9, 2013, Mansour directed payments of $500,000 by himself, approximately $481,000 by his co-CEO, and over $300,000 by another general partner member, to pay off the outstanding general partner capital

commitment. In response to an inquiry by the auditors, an accounting employee sent bank records showing Fund III's receipt of the capital commitment money.

30. A Resilience accounting employee prepared a journal entry on April 9, 2013, showing that the Portfolio Company receivables were paid on March 30, and emailed the entry to the auditors. The employee told the audit manager in an email that Fund III sent an advance to a Portfolio Company and it sent the advance back to pay off the receivables, and that it was an "in and out journal entry. No actual bank documentation." In fact, no money was sent to or from a Portfolio Company. The audit manager subsequently discussed the related party receivables with Mansour several times before the audit was completed.

31. On April 15, 2013, Mansour directed the accounting employee to transfer $981,000 back to Resilience from Fund III as an advance, and then transfer the funds to himself and his co-CEO in the same amounts as their earlier payments. On April 19, 2013, Mansour signed a management representation letter stating that he had disclosed all related party transactions to the auditors. He did not disclose the $981,000 transfer to the auditors in the management representation letter or otherwise.

32. Mansour caused Fund III to make misrepresentations in the related party footnotes of Fund III's 2012 financial statements. First, the footnotes stated that since year-end the general partners' outstanding $1.2 million in capital contributions had been "received by the Partnership in their entirety," without disclosing that after making the payment, $981,000 was transferred back to Resilience before the financial statements were issued. Second, the footnotes misrepresented that Fund III's 2012 year-end balance of $2.7 million in Portfolio Company receivables had been collected, when the Fund had not actually received payments before the audit report was issued.

33. The $2.7 million balance in Portfolio Company receivables on Fund III's 2012 balance sheet was also inaccurate and misleading. Fund III's general ledger reflects that nearly $2 million of this amount had been borrowed by Resilience, not the Portfolio Companies, that $1.2 million of the Fund's Resilience receivables were replaced with Resilience's Portfolio Company receivables in December 2012, and that over $600,000 in Resilience receivables were still on the Fund's books at year-end. This information was not disclosed in Fund III's 2012 financial statements.

34. On April 30, 2013, Mansour told the accounting employee to prepare new journal entries showing the payoff of Fund III's year-end Resilience and Portfolio Company receivables. She removed the previous entries dated March 30, and added new entries reflecting the payoff of the year-end receivables. She booked a Resilience payment and a loan by the Fund to Resilience, and a Portfolio Company payment and a loan by the Fund to the Portfolio Company.

Resilience Had Inadequate Compliance Policies and Procedures

35. Resilience's compliance manual contained a provision prohibiting Resilience employees from engaging in transactions with clients, including borrowing, unless approved by the CCO. It did not, however, address conflicts of interest inherent in the firm's structure and operation, including: Mansour's control of Resilience, the Funds, and the Funds' general partners, and his use of this control to borrow from the Funds to pay Resilience's expenses. Resilience's compliance manual had no provisions addressing the disclosure of material conflicts of interest or acting in the best interest of clients in connection with material related party transactions involving Resilience and the Funds, or prohibiting borrowing, advances and other material transactions between Resilience and the Funds that were not explicitly authorized in the LPA. As a result, Resilience compliance policies and procedures were inadequate to address conflicts of interest.

Resilience Stopped the Improper Practices and Repaid the Funds

36. In May 2013, a new CFO/CCO began working at Resilience. The CFO/CCO subsequently discovered the improper advances to Resilience and outstanding general partner capital calls and presented his findings to Mansour and his co-CEO. The CFO/CCO told them to repay the Funds because the practices were improper. The CFO/CCO also contacted Resilience's auditors and attorneys about this issue.

37. When Resilience's CFO/CCO raised these concerns, Mansour and his co-CEO stopped the practices and began paying back the borrowings and the outstanding general partner contributions, with interest, to the Funds in late 2013.

Violations

38. As a result of the conduct described above, Resilience willfully[2] violated, Mansour caused Resilience's violations of, and Ammar willfully aided and abetted and caused Resilience's violations of, Section 204 of the Advisers Act and Rule 204-2 thereunder, which require an investment adviser to maintain certain records that are true, accurate and current, including records of cash disbursals and general and auxiliary ledgers reflecting asset, liability, reserve, capital income and expense accounts.

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[2] A willful violation of the securities laws means merely "'that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "'also be aware that he is violating one of the Rules or Acts.'" *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

39. As a result of the conduct described above, Resilience and Mansour willfully violated Section 206(2) of the Advisers Act, which prohibits fraudulent conduct by investment advisers, and Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which prohibit investment advisers to pooled investment vehicles from making any untrue statement of a material fact or omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading or to otherwise engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle.

40. As a result of the conduct described above, Resilience willfully violated, and Mansour caused Resilience's violations of, Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require investment advisers to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules.

<u>Resilience's Remedial Efforts</u>

41. In determining to accept the Offer, the Commission considered voluntary remedial acts promptly undertaken by Resilience and cooperation afforded the Commission staff by Respondents. Among other things, Resilience, Mansour and the co-CEO repaid the Funds, with interest, and disclosed information about Resilience's borrowing and the late capital contributions to the Funds to Office of Compliance Inspections and Examinations staff. Resilience has taken the following steps to strengthen its compliance function: (1) hired an independence compliance consultant to revise its policies and procedures and conduct employee training; (2) hired a new CFO; (3) hired a new CCO; and (4) hired a new general counsel with experience advising SEC-regulated clients on compliance.

<u>Undertakings</u>

42. From the date of this Order until three years after the effective date of this Order, Resilience and Mansour have agreed to the following undertakings:

Mansour shall not provide, and Resilience shall not allow Mansour to provide, any instructions to any person relating to, or to approve or cause, directly or indirectly, any payment or other transfer of assets of any nature by any advisory client, any affiliate of any advisory client, or any portfolio company of any advisory client of Resilience to Resilience or any officer, employee or agent of Resilience, including, but not limited to, the payment of fees or expenses;

Mansour shall not and Resilience shall not allow Mansour to supervise any person who provides instructions to, approves, or causes any of the payments or transfers described in the preceding paragraph. "Supervise" includes, but is not limited to, hiring, firing, and determining the duties, responsibilities, and compensation of these persons; and

Mansour shall not associate with any registered investment adviser other than Resilience; provided, however, that Mansour will be free to associate with any other registered investment adviser, subject to all the terms and conditions in these undertakings whose business operations are combined with Resilience through acquisition, asset sale, merger or otherwise; or becomes a successor to Resilience.

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, pursuant to Sections 203(e), 203(f) and 203(k) of the Advisers Act and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondents Resilience and Mansour

1. Respondents Resilience and Mansour cease and desist from committing or causing any violations and any future violations of Sections 204, 206(2) and 206(4) of the Advisers Act and Rules 204-2, 206(4)-7, and 206(4)-8 promulgated thereunder;

2. Respondent Resilience is censured;

3. Respondents Resilience and Mansour shall comply with the undertakings enumerated in Section III above.

4. Respondent Mansour shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of $500,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

5. Respondent Resilience shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of $250,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

B. Respondent Ammar

1. Respondent Ammar cease and desist from committing or causing any violations and any future violations of Section 204 of the Advisers Act and Rule 204-2 promulgated thereunder;

2. Respondent Ammar 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; and

   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.

3. Any reapplication for association by Respondent Ammar 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.

4. Respondent Ammar shall pay a civil penalty of $50,000 to the Securities and Exchange Commission. Payment shall be made in the following installments: $1,000 shall be paid within 30 days of the entry of this order, and $1,000 shall be paid no later than the first day of the following 11 months, and $1,583.33 shall be paid by first day of the 12th through the 34th following month, and $1,583.41 shall be paid by the first day of the 35th following month or within three years from the entry of this order, whichever is earlier. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of civil penalty, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application.

C. 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 each Respondent as a Respondent 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 Anne C. McKinley, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 175 W. Jackson, Suite 900, Chicago, IL, 60604.

D. 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 Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty 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.

V.

It is further Ordered that, solely 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 Mansour and Ammar, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents Mansour and Ammar 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 Mansour and Ammar 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