

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 85968 / May 30, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18423**

**In the Matter of**

**CLAYBORNE GROUP, LLC,  
and DEAN A. HEINEMANN**

**Respondents.**

**ORDER DIRECTING PAYMENT OF  
CERTAIN FUNDS RECEIVED BY THE  
COMMISSION AND DIRECTING THE  
TRANSFER OF REMAINING FUNDS TO  
TREASURY**

On April 5, 2018, the Commission simultaneously instituted and settled an administrative and cease and desist proceeding against Clayborne Group, LLC (“Clayborne”) and Dean A. Heinemann (“Heinemann” and together with Clayborne, “Respondents”). These proceedings arise out of Clayborne’s improper registration as an investment adviser, as well as its violation of the Custody Rule and recordkeeping provisions. *In the Matter of Clayborne Group, LLC and Dean A. Heineman*, Admin. Proc. File No. 3-18423 (the “OIP”).<sup>1</sup> In the OIP, the Commission ordered Respondents to cease and desist from committing or causing any violations and any future violations of Sections 203A, 204, 206(4) and 207 of the Investment Advisers Act of 1940 (“Advisers Act”), and Rules 204-1, 204-2 and 206(4)-2 promulgated thereunder. The Commission also ordered that Heinemann (i) be suspended from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization for a period of twelve months; and (ii) be 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 for a period of twelve months. The Commission further ordered Heinemann to pay a civil penalty of \$20,000 to the Commission in installments, with such payments to be completed within 360 days of the entry of the OIP and created a Fair Fund pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended.

The Commission has received the civil penalty amount referenced above. The Commission staff shall, within 90 days of the issuance of this order, pay such funds (the “Fair Fund”) to six investors previously identified by Commission staff who suffered a net loss in connection with the violations described in the OIP (“Eligible Investors”). The distribution

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<sup>1</sup> Advisers Act Rel. No. 4875 (Apr. 5, 2018).

payments shall be made pro rata based on the percentage of the total net loss suffered by each Eligible Investor relative to the total net loss suffered by all Eligible Investors as set forth in Exhibit 1. Each Eligible Investor's payment amount will be determined by the Commission staff by multiplying the percentage of each Eligible Investor's loss by the total dollar amount available for distribution (after accounting for taxes and administrative expenses associated with the distribution of these amounts). Commission staff will seek the appointment of a tax administrator for the Fair Fund as it constitutes a payment from a qualified settlement fund ("QSF") under section of 468B(g) of the Internal Revenue Code (IRC), 26 U.S.C. Section 468B(g), and related regulations, 26 C.F.R Sections 1.468B-1 through 1.468B-5. Taxes, if any, and related administrative expenses shall be paid from funds remaining after the payment has been made to the Eligible Investors. After the distribution payments and all taxes and administrative expenses are paid, the Commission staff will transfer the remaining funds, if any, to the general fund of the United States Treasury subject to Exchange Act Section 21F(g)(3).

Accordingly, it is ORDERED that:

- A. The Commission staff shall distribute the Fair Fund created in this matter and pay the six Eligible Investors as set forth in Exhibit 1; and,
- B. After payment is made to the Eligible Investors, the Commission staff shall pay taxes, if any, and related administrative expenses from the funds remaining after payment to the Eligible Investors. Any remaining funds paid by the Respondents to the Commission shall be transferred to the U.S. Treasury.

By the Commission.

Vanessa A. Countryman  
Acting Secretary

**Exhibit 1**

**Eligible Investors**

Eligible Investor #1  
Eligible Investor #2  
Eligible Investor #3  
Eligible Investor #4  
Eligible Investor #5  
Eligible Investor #6

**Distribution Percentage**

11.71171171%  
11.71171171%  
36.03603604%  
9.009009009%  
18.01801802%  
13.51351351%