UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5675 / January 29, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20211

In the Matter of **DANIEL INVESTMENT ASSOCIATES, LLC AND GREGORY D. VAN WYK,** **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, 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"), against Daniel Investment Associates, LLC ("DIA") and Gregory D. Van Wyk ("Van Wyk") (DIA and Van Wyk referred to collectively as "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, 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 of 1940, 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

This case involves the negligent failure of Daniel Investment Associates, LLC ("DIA"), a registered investment adviser based in Santa Barbara, California, and its principal, Gregory Daniel Van Wyk, to disclose material information regarding promissory notes issued by Essex Capital Corporation ("Essex Capital") and its principal, Ralph Iannelli. On June 5, 2018, the Commission charged Essex Capital and Iannelli with conducting an $80 million offering fraud, and on December 21, 2018, Essex Capital was placed under a court-ordered receivership.

In early 2018, DIA and Van Wyk negligently withheld material adverse financial information about Essex Capital from trustees who were evaluating whether to maintain an investment in $1.25 million worth of Essex Capital promissory notes managed by DIA. During meetings with the trustees, Van Wyk recommended that the trustees remain invested in the Essex Capital promissory notes while withholding adverse information about Essex Capital, negligently misleading the trustees about the reliability of the investment in the notes. The trustees did not learn of Essex Capital's financial problems until the Commission brought an action against Essex Capital for operating an offering fraud. As a result of Essex Capital's fraud, the trustees may be unable to recover the full $1.25 million principal amount of the notes.

As a result, Respondents negligently violated Section 206(2) of the Advisers Act.

RESPONDENTS

1. Daniel Investment Associates, LLC ("DIA") is a California limited liability company organized on March 8, 2011, with its principal place of business in Santa Barbara, California. DIA has been registered with the Commission as an investment adviser since April 2, 2013. Not including its operations manager, DIA had five employees in 2018. As of March 2020, the firm managed $268 million in regulatory assets under management across thirty-three accounts on a nondiscretionary basis. A small portion of DIA's regulatory assets under management were invested in the Essex Capital promissory notes.

2. Gregory Daniel Van Wyk ("Van Wyk"), age 44, resides in Goleta, California. Van Wyk is the manager, founder, sole member, and chief compliance officer of DIA.

OTHER RELEVANT ENTITIES AND INDIVIDUALS

3. Essex Capital Corporation ("Essex Capital"), is a California company with its principal place of business in Santa Barbara, California. Essex Capital operated as a lease financing business and was wholly owned by Ralph Iannelli. On June 5, 2018, the Commission charged Essex

[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.

Capital and Iannelli with defrauding investors in connection with sales of over $80 million in promissory notes. *SEC v. Essex Capital Corp.*, No. 18-cv-05008 (C.D. Cal.). On December 21, 2018, the District Court for the Central District of California entered an order imposing a receivership over Essex Capital.

4. Ralph T. Iannelli ("Iannelli"), age 73, resides in Santa Barbara, California. Iannelli was the president and founder of Essex Capital. On June 5, 2019, the District Court for the Central District of California entered a judgment enjoining Iannelli from violating Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, ordering him to disgorge $9,960,000 in ill-gotten gains, along with prejudgment interest, and imposing a civil penalty of $640,000. In consenting to the judgment, Iannelli neither admitted nor denied the allegations in the Complaint. Previously, in August 1974, the Commission obtained a permanent injunction against Iannelli for violations of the antifraud provisions of the federal securities laws while he was associated with a registered broker-dealer. On July 9, 1975, the Commission issued an order barring him from association with any broker, dealer, investment company or investment adviser. On March 31, 1976, Iannelli was convicted of criminal contempt for violating the 1974 permanent injunction.

FACTS

Background

5. Between 2014 and 2017, Iannelli and Essex Capital sold promissory notes that typically paid annual interest of 7% to 8.5%. Those investor returns supposedly were based on the strength of Essex Capital's equipment leasing model, in which Essex Capital's lease portfolio would generate sufficient income to offset its borrowing costs and obligations to noteholders fully, leaving Essex with a profit of its own.

6. During this time period, Iannelli and Essex Capital raised over $80 million from approximately seventy promissory note investors. However, the representations Iannelli made about their investments were materially false and misleading.

7. Since the inception of DIA, Van Wyk and DIA recommended investments in Essex Capital promissory notes to some of their clients. In June 2018, when the Commission filed its complaint charging Essex Capital and Iannelli with defrauding investors, more than twenty DIA clients held over $8 million in Essex Capital promissory notes.

8. Among other factors, Van Wyk emphasized the low volatility, high liquidity, and relative safety of the Essex Capital promissory notes, as well as Essex Capital's history of regular payments. DIA and Van Wyk received no commission for investments in Essex Capital, but earned advisory fees based on client assets under management, including promissory notes.

DIA and Van Wyk Receive Adverse Information about Essex Capital's Financial Condition

9. In or about March 2017, Iannelli informed Van Wyk that he temporarily was not accepting investments outside of California, explaining that the Commission staff had expressed concern that the Essex Capital promissory note offering was not properly registered.

10. Around this same time, Van Wyk also learned from Iannelli that one of his banking relationships had been terminated.

11. In May 2017, Van Wyk received information that raised questions about the financial condition of Essex Capital.

a. Iannelli informed Van Wyk that Essex Capital planned to restate its financial statements for 2015.

b. Van Wyk also reviewed the restated 2015 financial statements reflecting (i) that Essex Capital operated at a net loss of approximately $7 million in 2015, rather than net income of $11 million that was previously reported; (ii) that total assets had been overstated by approximately $54 million; (iii) that liabilities exceeded assets, in contrast to the prior statements; and (iv) a shareholder's deficit of over $12 million, compared to previously reported retained earnings of approximately $20 million.

c. The restated financial statements also included a note expressing substantial doubt about Essex Capital's ability to continue operating as a going concern.

12. In July 2017, Van Wyk received additional negative information about Essex Capital's financial condition.

a. Van Wyk reviewed Essex Capital's restated 2014 financial statements, which the company had made two months prior without informing Van Wyk. The revised 2014 financial statements reported (i) a net loss of approximately $2 million; (ii) that total assets had been overstated by approximately $23 million; (iii) that liabilities exceeded assets, in contrast to the prior statement; and (iv) a shareholder's deficit of over $5 million, compared to previously reported earnings of approximately $9 million.

b. The restated 2014 financial statements also included a note to the financial statements expressing a substantial doubt about Essex Capital's ability to continue as a going-concern.

c. Van Wyk reviewed documents suggesting that Iannelli had overextended his personal guarantee, which Van Wyk understood provided additional protection for the leases.

d. Van Wyk also learned that Essex Capital had pledged all of the leases and underlying equipment, which Van Wyk understood provided protection for his clients' interests, to a bank in exchange for funding.

e. When Van Wyk requested the 2016 financial statements, Iannelli claimed that those statements would take some time to prepare to ensure accuracy.

13. After receiving the financial statements and other information, DIA stopped recommending new or additional investments in Essex Capital.

14. In late January 2018, Van Wyk was aware that a DIA client who had entered into a limited partnership investment contract with Essex Capital was having difficulties collecting over $2 million that Essex owed this client.

DIA and Van Wyk Negligently Misleads the Trustees of a DIA-Managed Portfolio

15. In November 2014, Client A engaged DIA and Van Wyk to manage a portion of her investments, including a personal investment account and a trust established to benefit her children. The advisory agreements provided DIA a management fee of fifty basis points.

16. Van Wyk recommended multiple investments to Client A, including Essex Capital promissory notes.

17. Based on the information he had about Essex in 2015, Van Wyk recommended Essex Capital promissory notes to Client A as safe and liquid investments that were guaranteed by all of the assets of Essex Capital. Van Wyk also observed that Essex had about $100 million in total assets, and that Iannelli personally guaranteed all of the promissory notes that Essex issued to DIA clients.

18. By the end of 2017, Client A held $1.25 million in Essex Capital promissory notes across two accounts.

19. On January 9, 2018, a devastating storm unleashed a series of mudslides that ravaged Santa Barbara County, killing over twenty people. One of the victims was Client A.

20. On January 13, 2018, days after Client A's death, her son and sister, who were managing the estate and designated as co-trustees of Client A's trust ("Trustees"), met with Van Wyk to discuss Client A's portfolio. During the meeting, Van Wyk provided the Trustees with an overview of the holdings in the portfolio.

21. Prior to the meeting, Van Wyk emailed a portfolio summary for the fourth quarter of 2017 to the Trustees, and told them that he would provide more background and detail during their meeting.

22. The portfolio summary, which provided information about all of Client A's DIA-managed holdings, recommended that the Trustees "[s]tay the course" with the portfolios. DIA further recommended "[n]o changes at this time." The portfolio summary described Essex Capital as a position "with low volatility," and claimed "Essex Capital continues to generate exactly according to schedule." According to the portfolio summary, DIA and Van Wyk expected Essex Capital to continue to generate 8.5% in annual income "with a high level of consistency."

23. The Trustees and Van Wyk met again on January 19, 2018, during which Van Wyk discussed the portfolio summary he had previously emailed to the Trustees.

24. At this meeting, a Trustee emphasized to Van Wyk that one of the Trustees' foremost objectives was to preserve capital for Client A's disabled, surviving daughter, and that the portfolios should be divested of any volatile or risky investments. She also told Van Wyk that she was concerned about her responsibility to her disabled niece, and asked about allocating portions of the portfolios to cash to eliminate risk and to preserve capital for her niece.

25. At this same meeting, the Trustees inquired about the holdings identified in the portfolio summary, including Essex Capital, and asked Van Wyk whether they should stay invested or move the funds to a safer position. Van Wyk, in turn, assured the Trustees that there was no need to make any change to the portfolios' allocations at that time. Van Wyk did not disclose to them the adverse information about Essex Capital's financial condition that he had learned since March 2017.

26. Van Wyk told the Trustees that Essex Capital was an equipment leasing company that had been paying 8.5% returns, and that the Essex Capital notes were liquid investments with low volatility. Van Wyk also told the Trustees that they would be able to access the entire principal of the Essex Capital notes within ninety days of requesting redemption.

27. The Trustees met with Van Wyk a third time on February 13, 2018, when they once again discussed the information included in the portfolio summary that Van Wyk had emailed to them in January 2018. The portfolio summary stated that the portfolios were "geared toward income producing positions with low volatility," listed Essex Capital as an example of these types of positions, and provided that DIA and Van Wyk "expect[ed]" Essex Capital to "consistently generate around 8.5%" in income. When one of the Trustees asked Van Wyk if these statements reflected his current opinion, he told her that they did, confirmed his prior representations about the Essex Capital investment, observed that the portfolio investments were performing as intended, and did not recommend any changes to the holdings at that time.

28. During this meeting, Van Wyk did not disclose to the Trustees any of the negative information that he knew about Essex Capital.

29. On May 4, 2018, Van Wyk emailed the Trustees a portfolio summary for the first quarter of 2018 and an invoice for services. The 2018 portfolio summary included statements about Essex Capital that were comparable to the statements in the 2017 summary, and the recommendation remained the same. The 2018 portfolio summary also included a letter from Van Wyk stating that "all positions in the portfolio are working as intended. We monitor them on an on-going basis daily and will continue to do so."

30. In June 2018, after the Commission filed its action against Essex Capital and Iannelli, the Trustees learned for the first time that Essex Capital had restated its financial statements and that the company was facing cash flow difficulties. After learning about the Commission's complaint, and following discussion with Van Wyk, one of the Trustees immediately directed Van Wyk to seek full redemption of the Essex Capital promissory notes, but Essex Capital did not fulfill the redemption request.

31. Client A's portfolios currently hold promissory notes in Essex Capital totaling $1.25 million, and it is unlikely that the Trustees will recover the full principal amounts of these notes.

VIOLATIONS

32. As a result of the conduct described above, DIA and Van Wyk willfully[2] committed violations of Section 206(2) of the Advisers Act, which makes it unlawful for an adviser to engage in any transaction, practice or course of business that operates as a fraud or deceit upon any client or prospective client.

UNDERTAKINGS

Respondents DIA and Van Wyk have undertaken to:

33. Notice to Advisory Clients. Within thirty (30) days of the entry of this Order, Respondents shall provide a copy of the Order to each of DIA's existing clients as of the entry of this Order via mail, email, or such other method as may be acceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission's staff. Respondents shall also provide a copy of the Order, together with a cover letter in a form not unacceptable to the Commission's staff, to any new client that engages DIA or Van Wyk within one (1) year of the date of this Order, within three (3) days of the engagement.

34. Independent Compliance Consultant. With respect to the retention of a qualified independent compliance consultant (the "Consultant"), Respondents have agreed to the following undertakings:

a. Within thirty (30) days of the entry of this Order, DIA shall engage for one year a Consultant not unacceptable to the staff to assist DIA in developing and implementing written compliance policies and procedures reasonably designed to promote DIA's compliance with the Advisers Act with respect to the due diligence and monitoring of unregistered investments, private placement investments, and alternative investments. The Consultant's compensation and expenses shall be borne exclusively by Respondents.

b. To ensure the independence of the Consultant, Respondents shall not have the authority to terminate the Consultant without prior written approval of the Commission's staff

[2] "Willfully," for purposes of imposing relief under Section 203(e) or (f) of the Advisers Act, "means no more than 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." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ed]" material information from a required disclosure in violation of Section 207 of the Advisers Act).

and shall compensate the Consultant and persons engaged to assist the Consultant for services rendered pursuant to this Order at their reasonable and customary rates.

c. Require the Consultant to enter into an agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondents, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Consultant in performance of his/her duties under this Order shall not, without prior written consent of the Commission staff at the Los Angeles Regional Office of the Division of Enforcement, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondents, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two years after the engagement.

d. Within sixty (60) days of the issuance of this Order, provide a copy of the engagement letter detailing the Consultant's responsibilities, which shall include the review described above, to Alka Patel, Associate Regional Director, Los Angeles Regional Office, with a copy to Marc Blau, Assistant Regional Director, Los Angeles Regional Office.

e. Within six months after the date of issuance of this Order, Respondents shall require the consultant to submit a written report to Commission staff. The report shall describe the review; set forth the conclusions reached and the recommendations made by the Consultant, as well as any proposals made by Respondents; and describe how Respondents are implementing the Consultant's final recommendations. For good cause shown and upon timely application by the Consultant or Respondents, the Commission's staff may extend the deadline set forth in this undertaking.

f. The report by the Consultant will likely include confidential financial, proprietary, competitive business or commercial information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations or undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except (1) pursuant to court order, (2) as agreed to by the parties in writing, (3) to the extent that the Commission determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties and responsibilities, or (4) is otherwise required by law.

g. Within sixty (60) days of receipt of the Consultant's report, adopt all recommendations contained in the reports and remedy any deficiencies; provided, however, that as to any recommendation that Respondents consider to be, in whole or in part, unduly burdensome or impractical, Respondents may submit in writing to the Consultant and the Commission staff a proposed alternative reasonably designed to accomplish the same objectives within thirty (30) days of the Consultant's issuance of the report. Respondents shall then attempt in good faith to reach an agreement with the Consultant relating to each disputed recommendation. In the event that

Respondents and Consultant are unable to agree on an alternative proposal within sixty (60) days of Respondents' written notice, Respondents will abide by the final determination of the Consultant with respect to any disputed recommendation. Within fifteen (15) days after the conclusion of the discussion of any disputed recommendation by Respondents and the Consultant, Respondents shall inform the Commission staff in writing of the final determination concerning any disputed recommendation. Within sixty (60) days after a final determination by the Consultant with respect to any disputed recommendation, Respondents shall adopt and implement the final recommendation of the Consultant.

h. The Commission's acceptance of Respondents' offer of settlement and entry of this order shall not be construed as its approval of any Policies reviewed by the Consultant or implemented based on the Consultant's recommendations.

35. Van Wyk shall take a minimum of eight hours of training for each calendar year from 2021 to 2023 concerning compliance with the Advisers Act.

36. Respondents shall certify, in writing, compliance with the undertakings set forth in Paragraphs 33 through 35. 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's 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 Alka Patel, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 444 South Flower Street, Suite 900, Los Angeles, CA 90071, with a copy to Marc Blau, Assistant Regional Director, Los Angeles Regional Office and to the Office of Chief Counsel of the Enforcement Division (100 F Street NE, Washington, DC 20549), 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, 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 it is hereby ORDERED that:

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

B. Respondents DIA and Van Wyk are censured.

C. DIA shall, within ten (10) days of the entry of this Order, pay disgorgement of $1,564 and prejudgment interest of $236.38 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

Payment must be made in one of the following ways:

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

(2) Respondent DIA 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 DIA 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 DIA 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 Alka Patel, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 444 South Flower Street, Suite 900, Los Angeles, CA 90071.

D. Respondent Van Wyk shall, pay a civil money penalty in the amount of $75,000 to the Securities and Exchange Commission. Payment shall be made in the following installments: (1) $25,000 within ten days of the entry of the Order; (2) $25,000 within 180 days of the entry of this Order; and (3) $25,000 within 365 days of the entry of this Order. Payments shall be applied first to post-order interest, which accrues pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

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

(2) Respondent Van Wyk 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 Van Wyk 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 Van Wyk 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 Alka Patel, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 444 South Flower Street, Suite 900, Los Angeles, CA 90071.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the disgorgement, prejudgment interest and penalties referenced in paragraphs C and D above. 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, Respondent Van Wyk agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent Van Wyk agrees that he shall, within thirty 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 Respondent 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.

F. Respondents shall comply with the undertakings enumerated in Paragraphs 33 through 36 above.

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, 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.

Vanessa A. Countryman
Secretary