

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 95747 / September 13, 2022

INVESTMENT ADVISERS ACT OF 1940
Release No. 6124 / September 13, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-21069

In the Matter of

**BUCKMAN ADVISORY
GROUP, LLC AND
HARRY J. BUCKMAN, JR.**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST
PROCEEDINGS, PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND 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 Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Buckman Advisory Group, LLC (“BAG” or “Firm”) and Harry J. Buckman, Jr. (“Buckman”) (together, “Respondents”).

II.

In anticipation of the institution of these proceedings, BAG and Buckman each submitted an Offer 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 Section 15(b) of the Securities Exchange Act of 1934 and 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 finds¹ that:

Summary

1. BAG is a New Jersey-based investment adviser registered with the Commission. Buckman is a co-owner of the holding company that owns BAG. Buckman is BAG’s Chief Executive Officer and has held that role since at least 2012. Buckman also held other roles at BAG, including Chief Investment Officer (“CIO”) from 2012 until December 2015. Buckman was the direct supervisor of Scott Adam Brander (“Brander”), a BAG investment adviser representative, for a number of years, including from January 2012 until June 2017 (the “Relevant Period”). He is also an investment adviser representative of BAG.

2. During the Relevant Period, Brander engaged in a fraudulent “cherry-picking” scheme, disproportionately allocating profitable trades to himself and unprofitable trades to the accounts of certain clients (the “Disfavored Accounts” and “Disfavored Clients”). Brander also often used shares of highly-leveraged and risky exchange traded funds (“ETFs”) in his cherry-picking scheme, without performing any analysis to determine whether these ETFs were suitable for the affected clients, all of whom were seeking more conservative investments.

3. BAG failed to implement policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules, and it failed reasonably to supervise Brander. In particular, it failed to conduct effective reviews of Brander’s activities, even when those reviews were mandated by its own written compliance manual, and it failed to enforce as to Brander its own requirement that trade allocations be submitted at the same time trade orders were placed. In addition, BAG’s Form ADV included statements about its practices and procedures that were false or misleading in light of the Firm’s compliance and supervision failures.

4. Until December 2015, under BAG’s policies and procedures, Buckman, in his CIO role, was responsible for monitoring BAG’s compliance with clients’ investment parameters and for reviewing trades and limited investment opportunity allocations, to ensure that no client account was systematically disadvantaged. In addition, from 2013 to 2017, in BAG’s Forms

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.

ADV Part 2A, the Firm disclosed that Buckman, or a compliance officer who reported directly to Buckman, was responsible for reviewing client accounts for compliance with clients' investment goals and risk tolerance levels. Buckman failed to effectively carry out these responsibilities. Buckman allowed Brander to create portfolios for his clients that differed from the pre-approved portfolios that other BAG investment adviser representatives were required to use and was on notice that Brander did not always allocate trades at the time orders were placed, and he failed to implement policies and procedures reasonably designed to prevent Advisers Act violations associated with Brander's misconduct. He also failed reasonably to supervise Brander.

Respondents

5. **BAG** is a New Jersey limited liability corporation with its principal place of business in Little Silver, New Jersey. BAG has been registered with the Commission as an investment adviser since 2004.

6. **Buckman**, age 53, resides in Monmouth Beach, New Jersey. Buckman is, and during the Relevant Period was, an investment adviser representative associated with BAG, an affiliation dating to the Firm's inception in 2004. He also is, and during the Relevant Period was, a registered representative associated with BAG's broker-dealer affiliate Buckman, Buckman & Reid, LLC ("BBR"). Buckman and two other family members share ownership of BAG.

Other Relevant Individual

7. **Brander**, age 54, resides in Delray Beach, Florida. Brander was an investment adviser representative with BAG from 2007 until 2021. He was also a registered representative with BBR from 2003 to 2021.

Facts

Brander's Cherry-Picking Scheme

8. During the Relevant Period, Brander managed certain advisory client accounts at BAG, including accounts held by the Disfavored Clients, on a discretionary basis – that is, he had authorization to make trading decisions on behalf of those clients.

9. None of the Disfavored Clients had a high tolerance for risk; all of them indicated in account opening documents that they favored investments with moderate or conservative risk. Nor were any of the Disfavored Clients seeking speculative or aggressive growth in their portfolios. Each identified their investment objectives as either preserving capital or moderate capital appreciation.

10. During the Relevant Period, Brander also maintained an account in his own name and an account jointly held with his wife at BAG (together, the "Brander Accounts").

11. Brander used an average-price account at BBR (the “Average Price Account”) to place “block” trades on behalf of his clients’ accounts, as well as the Brander Accounts.

12. “Cherry-picking” occurs when an investment adviser disproportionately allocates to favored accounts securities that have performed well, and/or disproportionately allocates to disfavored accounts securities that have performed poorly.

13. From approximately January 2012 through June 2017, Brander used the Average Price Account to purchase securities in block trades on behalf of BAG’s advisory clients and the Brander Accounts.

14. From at least 2012 to December 2015, BAG’s compliance manual included policies and procedures requiring that trade orders include instructions for how the shares in the block trade are to be allocated. However, Brander frequently failed to provide allocation instructions for some trades until after the block trade was executed. Typically, Brander did not provide allocation instructions until several hours after the trades were executed, and in some cases not until the following day. Although BAG revised its policies and procedures in December 2015, and the revised policies and procedures did not explicitly require that trade orders include allocation instructions, investment adviser representatives at BAG other than Brander generally continued to provide allocation instructions with trade orders.

15. For some trades, Brander waited to provide allocation instructions until he observed which trades were profitable in the hours following execution. Brander then disproportionately allocated profitable trades to the Brander Accounts, and he disproportionately allocated unprofitable trades to the Disfavored Accounts. Often, Brander immediately realized profits from the profitable trades by selling shares soon after allocating them to the Brander Accounts.

16. Brander allocated 90% of trades with a positive performance between the time of execution and the time of allocation (“winning trades”) to the Brander Accounts. He only allocated approximately 30% of trades with a negative performance between the time of execution and the time of allocation (“losing trades”) to the Brander Accounts. In contrast, Brander allocated approximately 70% of the losing trades and only 10% of the winning trades to the Disfavored Accounts.

17. Because of Brander’s cherry-picking scheme, allocations to the Brander Accounts were generally profitable in the short term, with first-day gains of 1.84%, while allocations to the Disfavored Accounts were generally unprofitable in the short term, with first-day losses of – 3.24%. The likelihood that Brander would have earned these returns for himself in the absence of cherry-picking, with trade allocations determined by chance, is less than one in a million.

18. As a result of this cherry-picking scheme, Brander obtained ill-gotten gains of at least \$812,876, which represents the difference between the Brander Accounts’ first-day realized

and unrealized profits from allocations received from the Average Price Account and the losses that the Brander Accounts would have sustained had they earned the same first-day rate of return on allocations from the Average Price Account as all accounts managed by Brander.

19. Brander typically used highly-leveraged exchange traded funds (“ETFs”) in his cherry-picking scheme. As a result of their highly-leveraged nature, these ETFs often experience larger price moves over the course of the trading day.

20. The prospectuses for these ETFs contained numerous warnings, in bold typeface, stating that these products were, for example, much riskier than most exchange-traded funds and only suitable for knowledgeable investors who understood the risks associated with these products’ use of leverage. Nonetheless, Brander did not conduct any analysis to determine that these ETFs were in the best interests of the Disfavored Clients. Indeed, Brander repeatedly allocated highly-leveraged ETFs that had experienced first-day losses into the Disfavored Accounts and in some circumstances also held them in the Disfavored Accounts for as long as several days, without discussing the attendant risks of these ETFs and their holding periods with the Disfavored Clients.

BAG’s and Buckman’s Compliance and Supervision Failures

21. Registered investment advisers are required to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules adopted by the Commission under the Act. Buckman was Brander’s direct supervisor throughout the Relevant Period and was responsible for overseeing Brander’s investment advice and trading.

22. From at least 2012 to December 2015, BAG’s compliance manual included policies and procedures for “Trade Allocation,” which required block trades to be “allocated in a fair and equitable manner” so that “each client will be treated fairly and will not favor any client over another.” Furthermore, BAG’s policies and procedures for the 2012-2015 period required “the number of shares of the block trade to be allocated to each specific account prior to placing the order.” BAG’s policies and procedures also required the Firm to “review all allocations of trades ... to ensure that the Firm’s policies and procedures were followed and verify that no client account was systematically disadvantaged by the allocation.” From 2012 to December 2015, Buckman, as Chief Investment Officer, was specifically assigned responsibility in the compliance manual for fair and equitable allocation of block trades. The Firm further required a review of a “[c]omparison of [investment advisory representative (“IAR”)] Personal Trading Activity vs. IAR Client’s Trading Activity.”

23. BAG’s revised policies and procedures, adopted in December 2015, while no longer explicitly assigning this responsibility to Buckman, continued to require that BAG review “client accounts quarterly for equitable treatment and review its Allocation practices annually.”

24. From at least 2012 to December 2015, BAG's compliance manual included policies and procedures for "Suitability," which, among other things, acknowledged that the Firm owed its clients a fiduciary duty to "[p]rovide advice that is suitable," and which required BAG's investment adviser representatives to use a "pre-approve[d] ... listing of securities offerings; asset allocation models; and/or investment strategies ... with [their] clients." BAG's policies and procedures during that time further required the firm to "conduct periodic reviews ... [to verify that] portfolio holdings are suitable and appropriate for the client's investment profile information in the file." From 2012 to December 2015, Buckman, as Chief Investment Officer, was specifically assigned responsibility to ensure that client portfolios were consistent with each client's "investment needs, goals, objectives and risk tolerance."

25. BAG's revised policies and procedures, adopted in December 2015, while no longer explicitly assigning this responsibility to Buckman, continued to require that BAG "conduct periodic reviews of remote office [such as Brander's] client files (maintained by the [BAG's] main office) to verify that they are complete and that portfolio holdings are suitable and appropriate for the client's investment profile information in the file."

26. In addition, BAG's Forms ADV filed starting in 2013 through the end of the Relevant Period stated that Buckman and two compliance officers who reported directly to Buckman conducted "at least quarterly" reviews of client accounts "with regard to clients' respective investment policies and risk tolerance levels."

27. BAG failed to reasonably implement its written policies and procedures described above with regard to account and trade reviews, and in particular with regard to reviews as to equitable allocation of trades and suitability. To the extent that these reviews were conducted at all, they were inadequate. For example, neither Buckman nor others at the Firm conducted reviews that were structured appropriately to identify trades in products inconsistent with the clients' stated risk tolerance and investment objectives. Nor were the Firm's reviews structured to compare trades allocated to an IAR's account with those allocated to the IAR's client accounts.

28. In addition, BAG did not enforce its own 2012-2015 written mandate that trade allocations be provided together with trade orders. As described above, to perpetrate his scheme, Brander typically delayed trade allocations for hours after trade executions. Affiliated broker-dealer BBR's operations desk was aware of Brander's practice to delay trade allocations, and Buckman himself observed Brander submitting trade allocations late in the trading day on one or two occasions, yet neither BAG nor Buckman took any actions to discontinue this practice and to insist on contemporaneous order and allocation documentation. Nor did the Firm or Buckman take any steps to assess the impact of Brander's delayed trade allocations on the Firm's clients.

29. BAG also failed to enforce as to Brander its own mandate that its investment adviser representatives only use pre-approved investment products, allocation models, and investment strategies for clients. The highly-leveraged ETFs used by Brander in his cherry-picking scheme were not pre-approved by the Firm. Brander requested and received Buckman's permission to create his own portfolios, rather than using the pre-approved portfolios that other

BAG investment adviser representatives were required to use. Despite making this exception for Brander, Buckman did not require Brander to obtain approval for the securities he purchased for his clients. Moreover, neither the Firm nor Buckman took adequate steps to follow up and assess whether, in light of this deviation, Brander's activities presented any risks to clients, and whether, in light of this deviation, Brander abided by the Firm's suitability policies, other policies, and its fiduciary obligations.

BAG's False or Misleading Form ADV Statements

30. As an investment adviser registered with the Commission, BAG was required to file Form ADV with the Commission, and to update it at least annually. Form ADV includes Part 2A, which provides disclosures to advisory clients about the qualifications and business practices of investment advisers. Registered investment advisers are required to deliver Part 2A to their clients at the beginning of the advisory relationship and to provide clients with an updated Part 2A whenever material changes are made.

31. During the Relevant Period, Part 2A of BAG's Form ADV stated that "BAG generally seeks investment strategies that do not involve significant or unusual risk" and that "BAG will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold." Part 2A of BAG's Form ADV also stated that "client accounts are reviewed at least quarterly ... with regard to clients' respective investment policies and risk tolerance levels." These statements were materially false or misleading in light of BAG's compliance and supervision failures described above.

32. Buckman signed the Firm's Forms ADV during the Relevant Period, and, through his various roles at BAG, was responsible for ensuring that the Firm's Form ADV did not contain false or misleading statements.

Violations

33. As a result of the conduct described above, BAG willfully² violated Section 206(2) of the Advisers Act, which makes it unlawful for any investment adviser to engage in any

² "Willfully," for purposes of imposing relief under Section 15(b) of the Exchange Act and Sections 203(e) and 203(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)). 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[ted]" material information from a required disclosure in violation of Section 207 of the Advisers Act).

transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client.

34. As a result of the conduct described above, BAG willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require registered investment advisers to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules promulgated thereunder.

35. As a result of the conduct described above, Buckman caused BAG's violations of Section 206(2) of the Advisers Act.

36. As a result of the conduct described above, Buckman willfully aided and abetted and caused BAG's violations of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require registered investment advisers to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules promulgated thereunder.

37. As a result of the conduct described above, BAG and Buckman failed reasonably to supervise Brander within the meaning of Sections 203(e)(6) and 203(f) of the Advisers Act with a view to preventing Brander's violations of Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder, and Sections 206(1) and 206(2) of the Advisers Act.

Undertakings

BAG

BAG has undertaken to:

38. **Independent Compliance Consultant**

- a. Within 90 days of the entry of this Order, BAG shall retain the services of an independent compliance consultant ("Independent Consultant") not unacceptable to the Commission staff. BAG shall require that the Independent Consultant conduct a comprehensive compliance review of BAG's compliance policies and procedures designed to promote BAG's compliance with the Advisers Act and rules thereunder with respect to trade allocation, suitability, monitoring of employee trading, related potential or actual conflicts of interest, and related record-keeping and client disclosures.
- b. BAG shall provide to the Commission staff, within 90 days of the entry of this Order, a copy of the engagement letter detailing the Independent Consultant's responsibilities.

- c. BAG shall require the Independent Consultant to submit a written report to BAG and to Commission staff within 180 days of the entry of this Order (the “Report”). The Report shall describe in detail (1) the Independent Consultant’s review, findings, conclusions, and recommendations; (2) any proposals made by BAG; and (3) a procedure for BAG to adopt and implement the recommended changes in or improvements to its policies and procedures.
- d. Within 90 days of receipt of the Report, BAG shall adopt and implement all recommendations contained in the report; provided, however, that within 30 days of BAG’s receipt of the Report, BAG may, in writing, advise the Independent Consultant and the Commission staff of any recommendations that it considers unnecessary, unduly burdensome, impractical or inappropriate. With respect to any such recommendation, BAG 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 to any recommendation on which BAG and the Independent Consultant do not agree, such parties shall attempt in good faith to reach an agreement within 30 days after BAG provides the alternative procedures described above. In the event that BAG and the Independent Consultant are unable to agree on an alternative proposal, BAG and the Independent Consultant shall jointly confer with the Commission staff to resolve the matter. In the event that, after conferring with the Commission staff, BAG and the Independent Consultant are unable to agree on an alternative proposal, BAG will abide by the recommendations of the Independent Consultant.
- e. Within 30 days of BAG’s adoption of all of the recommendations in the Report, BAG shall certify in writing to the Independent Consultant and the Commission staff that it has adopted and implemented all of the Independent Consultant’s recommendations in the 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 Simona Suh, Assistant Regional Director, Securities and Exchange Commission, New York Regional Office, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616, or such other address as the Commission’s staff may provide.
- f. As part of its work with the Independent Consultant, BAG shall cooperate fully and provide the Independent Consultant with access to files, books, records, and personnel as are reasonably requested by the Independent Consultant for review. BAG shall bear all of the Independent Consultant’s compensation and expenses.
- g. To ensure the independence of the Independent Consultant, BAG: (1) shall not have the authority to terminate the Independent Consultant or substitute another independent compliance consultant for the initial Independent Consultant, without the prior written approval of the Commission staff; and (2) shall compensate the

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

- h. BAG shall require the Independent 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 Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing, or other professional relationship with BAG, or any of its present or former affiliates, principals, directors, officers, employees, or agents. The agreement will also provide that the Independent Consultant will require that any firm with which the Independent Consultant is affiliated or of which the Independent Consultant is a member, and any person engaged to assist the Independent Consultant in performance of the Independent Consultant's duties under this Order, shall not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with BAG, or any of its present or former affiliates, principals, directors, officers, employees, or agents for the period of the engagement and for a period of two years after the engagement.
- i. The reports by the Independent 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.
- j. For good cause shown and upon timely application by BAG, the Commission staff may extend any of the procedural dates set forth in this undertaking.

39. BAG shall certify, in writing, its compliance with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and BAG agrees to provide such evidence. The certification and supporting material shall be submitted to Simona Suh, Assistant Regional Director, 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.

40. BAG shall preserve, for a period of not less than six years from the entry of this order, the first two years in an easily accessible place, any record of compliance with the undertakings set forth in this Order.

Buckman

Buckman has undertaken to:

41. Provide to the Commission, within 30 days after the end of the twelve-month limitation period described in paragraph IV.F below, an affidavit that he has complied fully with the sanctions described in paragraph IV.F below.

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 Section 15(b) of the Exchange Act and Sections 203(e), 203(f) and 203(k) of the Advisers Act, it is hereby ORDERED that:

BAG

A. BAG cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

B. BAG is censured.

C. BAG shall comply with the undertakings enumerated in Section III, paragraphs 38 through 40, above.

D. BAG shall pay a civil money penalty in the amount of \$400,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment shall be made in the following installments:

- a. \$100,000 within 14 days of the entry of this Order;
- b. \$300,000 within one year 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.

Buckman

E. Buckman cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

F. Pursuant to Section 203(f) of the Advisers Act and Section 15(b)(6) of the Exchange Act, Buckman shall be, and hereby is, subject to the following limitations on his activities for a period of twelve months from the entry of this Order:

Buckman shall not act in a supervisory capacity with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization for the time period specified above.

G. Buckman shall comply with the undertaking enumerated in Section III, paragraph 41, above.

H. Buckman shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$75,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment of Penalties

I. Payment pursuant to this Order 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 BAG or Buckman 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 Joseph G. Sansone, Chief, Market Abuse Unit, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, New York, 10004-2616.

J. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, 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 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.

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 Respondent Buckman, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Buckman 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 Respondent Buckman 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