

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96754 / January 26, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-17315

In the Matter of	:	ORDER APPROVING APPLICATION OF FUND ADMINISTRATOR FOR PAYMENT OF FEES AND EXPENSES AND APPROVAL OF FUTURE FEES AND EXPENSES
	:	
Ross, Sinclair & Associates LLC and Murray Sinclair, Jr.,	:	
	:	
Respondents.	:	

On June 23, 2016, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Sections 203(e) and 203(f) 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 (the “Order”)¹ against Ross, Sinclair & Associates LLC (“RSA”) and Murray Sinclair, Jr. (“Sinclair”) (collectively, the “Respondents”). In the Order, the Commission found that from at least January 2007 through December 2012 (the “Relevant Period”), the Respondents allowed Nicholas L. Fry II (“Fry”), president of registered investment adviser Fry Hensley and Company (“FHC”), to take advantage of his close relationship with broker-dealer RSA to carry out a fraudulent scheme whereby Fry charged his advisory clients inflated markups, markdowns, and commissions (“inflated transaction charges”) through RSA.

The Order found that during the Relevant Period, RSA permitted Fry to be involved in effecting equity securities trades for FHC clients at RSA, despite knowing that Fry did not have the required license to do this work. The Respondents permitted Fry and FHC to directly benefit from the higher charges by paying Jane Fry, Fry’s spouse, half of the transaction charges that RSA collected on Fry’s equity trades, even though Jane Fry did essentially no work for RSA and was not generally involved in Fry’s equity trading for FHC’s clients. RSA also benefited by keeping the other half of the transaction charges.

As a result of the Respondents’ misconduct, the Order found that RSA violated Section 15(b)(7) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 15b7-1 thereunder and Sinclair willfully aided and abetted and caused RSA’s violations of Section 15(b)(7) of the Exchange Act and Rule 15b7-1 thereunder.

¹ Exchange Act Rel. No. 78147 (June 23, 2016).

The Commission ordered the Respondents to pay a collective total of \$703,335.16 in disgorgement, \$99,239.54 in prejudgment interest, and \$150,000.00 in civil money penalties, for a total of \$952,574.70, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties paid, along with the disgorgement and interest paid, can be distributed to harmed investors (the “Fair Fund”).

On September 21, 2017, the Division of Enforcement, pursuant to delegated authority, issued an order appointing Analytics Consulting, LLC as the fund administrator of the Fair Fund and set the administrator’s bond amount.²

In accordance with Rule 1105(d) of the Commission’s Rules,³ the Fund Administrator has submitted to the Commission staff an invoice for services rendered from September 21, 2017 through December 23, 2021, totaling \$11,999.54. The Commission staff has reviewed the Fund Administrator’s invoice, confirmed that the services have been provided, and finds the fees and expenses of \$11,999.54 to be reasonable. The Commission staff has requested that the Commission authorize the Office of Financial Management (“OFM”) to pay the Fund Administrator’s fees and expenses of \$11,999.54 from the Fair Fund in accordance with Rule 1105(e) of the Commission’s Rules.⁴

Additionally, to expedite and streamline the process for future payments, the Commission staff has requested that the Commission authorize OFM, at the direction of an Assistant Director of the Office of Distributions, to pay the Fund Administrator’s future fees and expenses from the Fair Fund so long as the total amount paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of the approved cost proposal submitted by the Fund Administrator.

Accordingly, it is hereby ORDERED, pursuant to Rule 1105(d) of the Commission’s Rules,⁵ that OFM pay the Fund Administrator’s fees and expenses of \$11,999.54 from the Fair Fund in accordance with Rule 1105(e) of the Commission’s Rules.⁶ Further, OFM is authorized to pay, at the direction of an Assistant Director of the Office of Distributions, any future fees and expenses of the Fund Administrator from the Fair Fund in accordance with Rule 1105(e) of the

² Order Appointing Fund Administrator and Setting the Administrator’s Bond Amount, Exchange Act Rel. No. 81674 (Sept. 21, 2017).

³ 17 C.F.R. § 201.1105(d).

⁴ 17 C.F.R. § 201.1105(e).

⁵ 17 C.F.R. § 201.1105(d).

⁶ 17 C.F.R. § 201.1105(e).

Commission's Rules,⁷ so long as the total amount paid to the Fund Administrator, including the invoice to be paid, does not exceed the total amount of the approved cost proposal submitted by the Fund Administrator.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁸

Vanessa A. Countryman
Secretary

⁷ 17 C.F.R. § 201.1105(e).

⁸ 17 C.F.R. § 200.30-4(a)(21)(vi).