

UNITED STATES OF AMERICA
Before the
SECURITIES EXCHANGE COMMISSION

In the Matter of

MICHAEL R. PELOSI,

Respondent.

Administrative Proceeding
File No. 3-14194

**ANSWER OF MICHAEL R. PELOSI TO ORDER
INSTITUTING ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS**

Respondent Michael R. Pelosi in answer to the Order Instituting Administrative and Cease and Desist Proceedings respectfully states as follows:

A. SUMMARY

1. Admits the allegations in paragraph 1 that he was a portfolio manager at Halsey Associates, Inc. in New Haven, Ct from 2005 to August 2008 but denies the remaining allegations contained in paragraph 1 and the allegations contained in paragraph 2.

2. Admits the allegation in paragraph 3 that he met with Mr. Julian and Mr. Zoldy on August 14, 2008 but denies the remaining allegations in paragraph 3.

3. Denies the allegations contained in paragraphs 4 and 5.

B. RESPONDENT

4. Denies the allegation that he was a 20% owner of Halsey Associates, Inc. ("Halsey") at the time of his departure from Halsey, admits that he was approximately a 6% owner of Halsey at that time and admits the remaining allegations contained in paragraph 6.

C. OTHER RELEVANT ENTITY AND PERSONS.

5. States that he is without sufficient information or knowledge to form a belief as to the truth of the allegations contained in paragraphs 7 to 9.

D. ALLEGATIONS

Pelosi's Responsibilities as a Portfolio Manager

6. States that he is without sufficient information or knowledge to form a belief as to truth of the allegations relating to the value of the assets under management in paragraph 11 and admits the allegations in paragraph 10 and the remaining allegations in paragraph 11.

7. Denies the allegations contained in paragraph 12.
8. Admits the allegations contained in paragraphs 13, 14 and 15.
9. Denies the allegations contained in paragraphs 16 and 17.
10. Admits the allegations contained in paragraph 18.

Pelosi Misrepresented Performance Returns to Clients

11. Denies the allegations contained in paragraphs 19 to 22.

Halsey Confronted Pelosi about Performance Misrepresentations

12. States that he is without sufficient knowledge or information to form a belief as to the allegations in the first sentence of paragraph 23, denies the allegations in paragraph 23 that the differences in the performance figures constituted a discrepancy and admits the remaining allegations in the second sentence of paragraph 23.

13. States that he is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraphs 24 and 25.

14. Admits the allegations in paragraph 26 that he meet with Mr. Julian and Mr. Zoldy on August 14, 2008 about the performance returns in his correspondence to clients and Halsey account records but denies that these performance returns constituted a discrepancy with Halsey records.

15. Denies the allegations contained in paragraph 27.

16. States that he is without sufficient knowledge or information to form a belief as to the truth of the allegations in paragraph 28.

17. Admits the allegations in paragraph 29 that he inadvertently deleted certain copies of his client correspondence after the August 14, 2008 meeting whereupon he immediately informed his assistant of this deletion which resulted in the retrieval of these documents.

18. Denies the allegations contained in paragraphs 30 and 31.

19. Admits the allegations contained in paragraph 32.

20. States that he is without sufficient information or knowledge to form a belief as to the truth of the allegations contained in paragraphs 33 and 34.

21. Denies the allegations contained in paragraph 35.

22. Admits the allegations contained in paragraph 36.

23. Denies the allegations contained in paragraphs 37 to 38.

24. Admits the allegations in paragraph 39 that the e-mail was sent to Mr. Julian on August 15, 2008 but denies that it was an apology or an admission.

25. Admits the allegations in paragraph 40 that the letter was sent to Mr. Julian and Mr. Zoldy on August 14, 2008 but denies that it was an apology or an admission.

26. Admits the allegations contained in paragraph 41.

27. Notes that Order does not contain a paragraph 42 or 43.

E. VIOLATIONS

28. Denies the allegations contained in paragraph 44.

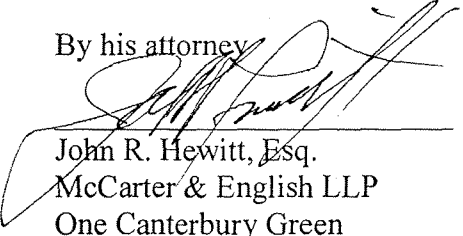
F. AFFIRMATIVE DEFENSE

29. Assuming, without admitting, the above allegations regarding the differences in the performance returns in Mr. Pelosi's client correspondence, these differences were not material as no Halsey client would have considered them significant in terms of the total mix of information available from Halsey used in judging a client's satisfaction with the growth of their portfolios or in assessing whether or not to invest with Mr. Pelosi.

Respectfully submitted,

Michael R. Pelosi

By his attorney



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