

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 72900 / August 22, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16032

In the Matter of

DEMOSTHENES DRITSAS,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Demosthenes Dritsas (“Dritsas”).

II.

In anticipation of the institution of these proceedings, Dritsas has submitted an Offer of Settlement (the “Offer”) 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, Dritsas admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Sections III.2. and III.5. below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Dritsas's Offer, the Commission finds that:

1. Dritsas, age 29, resides in Newhall, California. Dritsas is a former managing member of CalPacific Equity Group, LLC. Dritsas has never been registered or associated with a registered broker dealer. Dritsas participated in an offering and sale of Thought Development, Inc. ("TDI"), which is a penny stock.

2. On July 28, 2014, a judgment was entered by consent against Dritsas, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder in the civil action entitled Securities and Exchange Commission v. Daniel R. Baker, et al., Civil Action Number 2:14-cv-05754, in the United States District Court for the Central District of California.

3. The Commission's complaint alleged that, in connection with the offer and sale of unregistered Thought Development, Inc. ("TDI") stock, Dritsas solicited investors and received transaction-based compensation in the form of undisclosed commissions and other fees derived from investors' proceeds. At the time of the offer and sale of TDI stock, Dritsas was not registered or affiliated with a registered broker dealer. In addition, Dritsas recruited others to act as sales agents and paid them transaction-based compensation. The complaint also alleged Dritsas sold unregistered securities.

4. The complaint also alleged that Dritsas made representations to investors about the use of investor funds for TDI's businesses that were materially misleading because they failed to disclose sales commissions and other fees that added up to approximately 50% of the funds raised from investors in connection with the offer and sale of unregistered TDI stock. The complaint further alleged that Dritsas recklessly made specific representations to investors concerning the timing of and expected return on a purported TDI initial public offering and the status of negotiations with the National Football League without taking any basic steps to verify the truthfulness of those representations.

5. On July 7, 2014, Dritsas pled guilty to one count of conspiracy to commit mail fraud in violation of Title 18 United States Code, Section 371 before the United States District Court for the Central District of California, in United States v. Demosthenes Dritsas, Crim. Information No. SACR14-00068.

6. The count of the criminal information to which Dritsas pled guilty alleged, inter alia, that Dritsas defrauded investors and obtained money and property by means of materially false and misleading statements. In connection with that plea, Dritsas admitted that he and co-conspirators:

- (a) contacted prospective investors to solicit them to purchase TDI common stock;
- (b) did not disclose to potential investors that CalPacifc was receiving at least a 40% commission on the sales of TDI stock and affirmatively misrepresented that fact;
- (c) received, through CalPacifc, investor funds as commissions for selling TDI stock; and
- (d) caused an investor to send, by Federal Express, a cashier's check in the amount of \$10,000 to purchase 4,000 shares of TDI stock on or about November 16, 2011.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Dritsas's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Dritsas be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Any reapplication for association by Dritsas will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against Dritsas, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Jill M. Peterson
Assistant Secretary