

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

Received

SECURITIES ACT of 1933
Release No. 9686 / December 10, 2014

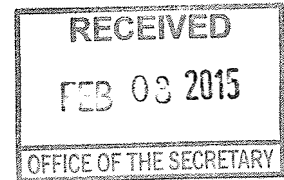
SECURITIES EXCHANGE ACT of 1934
Release No. 73801 / December 10, 1934

INVESTMENT ADVISERS ACT of 1940
Release No. 3976 / December 10, 2014

INVESTMENT COMPANY ACT OF 1940
Release No. 31367 / December 10, 2014

ADMINISTRATIVE PROCEEDING File No. 3-16311

FEB 02 2015
Office of Administrative
Law Judges



In the Matter of

RELIANCE FINANCIAL
ADVISORS, LLC, TIMOTHY
S. DEMBSKI and WALTER F.
GREYDA, JR.,

Respondents.

ANSWER AND AFFIRMATIVE
DEFENSES OF RESPONDENTS
RELIANCE FINANCIAL
ADVISORS, LLC AND WALTER F.
GREYDA, JR.

Respondents Reliance Financial Advisors, LLC and Walter F. Greyda, Jr., by and through their attorney Joseph G. Makowski, Esq., for their Answer and Affirmative Defenses, allege as follows:

1. Deny each and every allegation set forth in ¶ 1 of the "Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company

Act of 1940" (the "Order").

2. Admit the allegations of the first sentence set forth in ¶ 2 of the Order and denies knowledge or information sufficient to form a belief as to the truth of the allegations of the second sentence of ¶ 2.

3. Deny each and every allegation set forth in ¶ 3 of the Order.

4. Deny each and every allegation set forth in ¶ 4 of the Order.

5. Deny each and every allegation set forth in ¶ 5 of the Order.

6. Admit the allegations set forth in ¶ 6 of the Order.

7. Deny that portion of the allegation in ¶ 7 of the Order that the Prestige Wealth Management Fund, LP ("Prestige Fund" of the "Fund") did not have "positive returns" but admits in approximately October 2012 (approximately 18 months after the Fund started trading) Grenda withdrew his clients from the Prestige Fund. Answering Respondents deny knowledge or information sufficient to form a belief as to the truth of the remaining allegations of ¶ 7.

8. Admit between September 2009 and December 2009 Grenda borrowed \$175,000 from one advisory client, which was secured by a mortgage on real property, but denies the remaining allegations set forth in ¶ 8.

9. Admit the allegations set forth in ¶ 9 of the Order.

10. Admit the allegations set forth in ¶ 10 of the Order.

11. Admits the allegations set forth in ¶ 11 of the Order.

12. Deny knowledge or information sufficient to form a belief as to the truth of the allegations set forth in ¶ 12 of the Order.

13. Admit the allegations set forth in ¶ 13 of the Order.

14. Deny knowledge or information sufficient to form a belief as to the truth of the allegations set forth in ¶ 14 of the Order.

15. Admit the allegations set forth in ¶ 15 of the Order.
16. Admit the allegations set forth in the first two sentences of ¶ 16 of the Order and deny knowledge or information sufficient to form a belief as to the truth of the remaining allegations of ¶ 16 of the Order.
17. Admit the allegations set forth in ¶ 17 of the Order.
18. Admit so much of ¶ 18 of the Order as alleges that Stephan assisted Grenda with various research tasks but deny knowledge or information sufficient to form a belief as to the truth of the remaining allegations of ¶ 18 of the Order.
19. Admit the allegations set forth in ¶ 19 of the Order.
20. Deny knowledge or information sufficient to form a belief as to the truth of the allegations set forth in ¶ 20 of the Order.
21. Admit the allegations set forth in ¶ 21 of the Order that neither Dembski nor Stephan had any experience establishing a hedge fund. Respondents deny Dembski or Stephan did not have algorithmic or automated trading strategies and further deny the remaining allegation relating to the state of Grenda's knowledge after working with Dembski and Stephan. Respondents deny knowledge or information sufficient to form a belief as to the truth of the remaining allegation of ¶ 21 of the Order.
22. Admit the allegations set forth in ¶ 22 of the Order.
23. Admit the allegations set forth in ¶ 23 of the Order.
24. Admit the allegations set forth in ¶ 24 of the Order.
25. Admit the allegations set forth in ¶ 25 of the Order.
26. Admit so much of ¶ 26 of the Order as alleges that Grenda recommended the Fund to his advisory clients but deny that he played an active role in reviewing the Fund documents (including the PPM) and further deny Grenda's intention and hope that after the Prestige Fund proves successful, Dembski and Stephan would eventually include him as an

owner and Respondent Grenda, Jr. further denies in anticipation of this, at times he referred to himself as “the president” of , or a “partner” in, the Prestige Fund.

27. Admit the allegations set forth in ¶ 27 of the Order.

28. Admit so much of ¶ 28 of the Order that to come up with the money to invest in the Prestige Fund, certain of Grenda’s advisory clients had to cash in variable annuities, but deny knowledge or information sufficient to form a belief as to the truth of the remaining portion of the allegation ¶ 28 of the Order.

29. Admits Grenda provided investment and/or tax preparation advice to many of his respective clients for years prior to their investing in the Prestige Fund but denies the remaining allegations of ¶ 29 of the Order.

30. Deny knowledge or information sufficient to form a belief as to the truth of the allegations of ¶ 30 of the Order.

31. Deny knowledge or information sufficient to form a belief as to the truth of the allegations set forth in ¶ 31 of the Order.

32. Deny each and every allegation set forth in ¶ 32 of the Order.

33. Deny each and every allegation set forth in ¶ 33 of the Order.

34. Deny knowledge or information sufficient to form a belief as to the truth of the allegations set forth in ¶ 34 of the Order.

35. Deny knowledge or information sufficient to form a belief as to the truth of the allegations set forth in ¶ 35 of the Order.

36. Deny knowledge or information sufficient to form a belief as to the truth of the allegations set forth in ¶ 36 of the Order.

37. Deny knowledge or information sufficient to form a belief as to the truth of the allegations set forth in ¶ 37 of the Order.

38. Deny each and every allegation set forth in ¶ 38 of the Order.

39. Deny each and every allegation set forth in ¶ 39 of the Order as to Grenda.

40. Deny knowledge or information sufficient to form a belief as to the truth of the allegations set forth in ¶ ¶ 40, 41, 42, 43, 44, 45, 46, and 47 of the Order.

41. Admit each and every allegation set forth in ¶ 48 of the Order.

42. Deny knowledge or information sufficient to form a belief as to the truth of the allegations set forth in ¶ 49 of the Order.

43. Deny each and every allegation set forth in ¶ 50 of the Order.

44. Deny Grenda made false and misleading statements and omissions to an advisory client in order to borrow \$175,000 on a secured basis from her and further deny each and other allegation set forth in ¶ 51 of the Order.

45. Deny each and every allegation set forth in ¶ 52 of the Order.

46. Deny each and every allegation set forth in ¶ ¶ 53, 54, and 55 of the Order.

47. Deny each and every allegation set forth in ¶ ¶ 56, 57, and 58 of the Order.

AS AND FOR A FIRST, SEPARATE AND DISTINCT AFFIRMATIVE DEFENSE

48. The Order fails to state a claim against Respondents Reliance Financial Advisors, LLC and Walter F. Grenda, Jr.

AS AND FOR A SECOND, SEPARATE AND DISTINCT AFFIRMATIVE DEFENSE

49. The Order contains certain claims against Respondents Reliance Financial Advisors, LLC and/or Walter F. Grenda, Jr. which are barred by the applicable statute of limitations.

AS AND FOR A THIRD, SEPARATE AND DISTINCT AFFIRMATIVE DEFENSE

50. The Securities and Exchange Commission lacks subject matter jurisdiction over certain claims contained in the Order.

AS AND FOR A FOURTH, SEPARATE AND DISTINCT AFFIRMATIVE DEFENSE

51. To the extent the Order contains allegations of fraud and deceit against Respondents Reliance Financial Advisors, LLC and Walter F. Grenda, Jr., the Order is not pled with sufficient specificity and particularity.

AS AND FOR A FIFTH, SEPARATE AND DISTINCT AFFIRMATIVE DEFENSE

52. Respondents Reliance Financial Advisors, LLC and Walter F. Grenda, Jr. were not involved in the establishment or operation of Prestige Wealth Management, LLC.

AS AND FOR A SIXTH, SEPARATE AND DISTINCT AFFIRMATIVE DEFENSE

53. Respondents Reliance Financial Advisors, LLC and Walter F. Grenda, Jr. were not owners, general partners or managing directors of Prestige Wealth Management, LLC and had no financial, management or operational responsibilities for it.

AS AND FOR A SEVENTH, SEPARATE AND DISTINCT AFFIRMATIVE DEFENSE

54. Any investment by Reliance Financial Advisors, LLC and Walter F. Grenda, Jr. of advisory clients in the Prestige Fund was made following due diligence thereof including review of the algorithm and automated trading strategy and was done in good faith and in reliance thereon.

AS AND FOR AN EIGHTH, SEPARATE AND DISTINCT AFFIRMATIVE DEFENSE

55. Respondent Grenda Jr.'s withdrawal of client investments from the Prestige Fund on or about October 2012 was a financially prudent decision based upon Prestige Fund returns and investors suffered only a minor cumulative loss of \$320,000 on about \$8 million invested, representing four percent (4%) of their total investments.

AS AND FOR A NINTH, SEPARATE AND DISTINCT AFFIRMATIVE DEFENSE

56. This proceeding must be dismissed for the failure to join necessary parties to this proceeding involved in the formation of the Prestige Fund.

AS AND FOR A TENTH, SEPARATE AND DISTINC AFFIRMATIVE DEFENSE

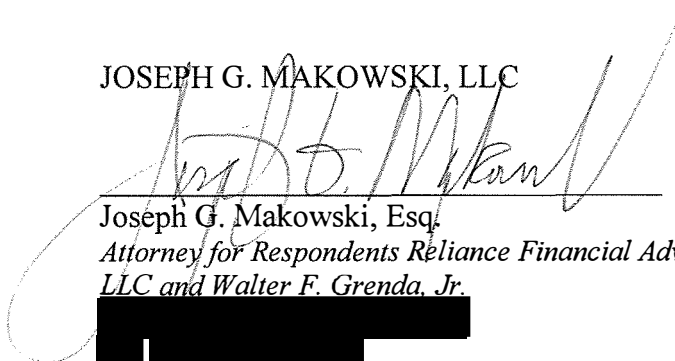
57. Any sums borrowed by Respondent Grenda, Jr. on or about December 2009 from one advisory client was a secured loan which has been repaid in full.

AS AND FOR AN ELEVENTH, SEPARATE AND DISTINCT AFFIRMATIVE DEFENSE

58. That culpable conduct alleged by the U.S. Securities and Exchange Commission in the Order is solely that of Respondents Dembski and Stephan.

DATED: Buffalo, New York
January 30, 2015

JOSEPH G. MAKOWSKI, LLC



Joseph G. Makowski, Esq.
*Attorney for Respondents Reliance Financial Advisors,
LLC and Walter F. Grenda, Jr.*

