## **Brent J Fields**

Secretary

**U.S. Securities & Exchange Commission** 

100 F Street, NE

Mail Stop 1090

Washington, DC 20549

In the Matter of: Russell C Schalk Jr

Administrative Proceeding File No: 3-16498

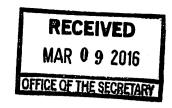
March 8, 2016

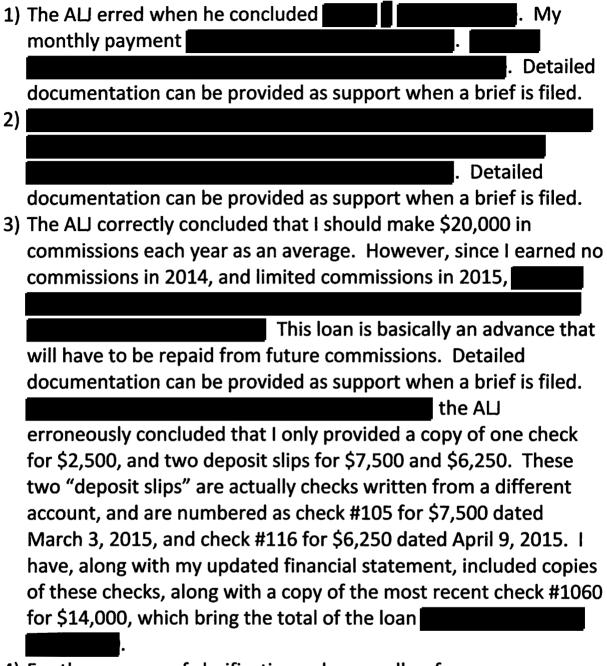
## **Dear Secretary Fields:**

Pursuant to Rule 410 of the Securities and Exchange Commission Rules of Practice, I respectfully submit this petition for review, and in some instances clarification, of the February 10, 2016 Initial Decision of the ALJ to conclude payment of disgorgement and civil monetary penalties of \$20,000 per year.

The ALJ misinterpreted, or otherwise misunderstood some of the evidence provided in my October 8, 2015 reply to the Commissions' ruling opposing my inability to pay monetary sanctions dated September 11, 2015. Due to these misinterpretations, several erroneous conclusions were drawn leading to several errors of fact in weighing the decision.

In summary these misinterpretations are as follows:





4) For the purpose of clarification only, as well as for my own edification, I respectfully ask for an explanation regarding the \$220,000 the OIP recites that I diverted these funds without authorization. I am not contesting the amount and have agreed to accept the OIP's allegations as true. However, my question is from whom would I have needed to receive authorization in order to recover funds I initially lent the company? At the time, I was

President of the company and my attorney, George Lawler, was my Secretary. We were the only two officers of the company.

I have, as requested, included an updated financial statement to the statement I originally provided on August 3, 2015 as part of Form DA. At present, my situation is dire, and at this time \$20,000 annually would

While I do anticipate a turnaround in the market for future business and, therefore, hope for increased earnings, I would most likely not see the benefit from a market turnaround until late 2017. Given the details above, I respectfully ask for reconsideration in this matter.

Sincerely,

Russell C Schalk Jr

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Cc: James E Grimes, Administrative Law Judge

Cc: John J Bowers, Asst. Chief Litigation Counsel, Division of

**Enforcement** 

Cc: Eugene Bull, Asst. Chief Litigation Counsel, Division of Enforcement