

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4189 / September 3, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16556

In the Matter of

STEPHEN A. COLANGELO,
JR.,

Respondent.

ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940

I.

The Securities and Exchange Commission (“Commission”) instituted proceedings pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Stephen A. Colangelo, Jr. (“Respondent” or “Colangelo”) on May 22, 2015.

II.

In connection with this proceeding, Respondent 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, Respondent 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 Making Findings and Imposing Remedial Sanctions Pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Colangelo founded and controlled the Brickell Fund, LLC (“Brickell Fund”), a pooled investment vehicle, and three start-up entities – Hedge Community, LLC (“Hedge Community”); Start a Hedge Fund, LLC (“Start a Hedge Fund”); and Under the Radar SEO, LLC (“Under the Radar”). From March 2009 to February 2011, Colangelo offered interests in each of these entities to investors. During the same time period, Colangelo also provided investment advisory services to private advisory clients. Colangelo is 47 years old and is incarcerated in a

federal correctional institute in Loretto, Pennsylvania. Prior to his incarceration, Colangelo resided in Congers, New York.

2. On December 19, 2013, Colangelo pleaded guilty to two counts of securities fraud and two counts of wire fraud in violation of Title 15 United States Code, Section 78j(b) and Title 18 United States Code, Section 1343, before the United States District Court for the Southern District of New York, in United States v. Stephen Colangelo, Jr., 12-CR-838. On April 10, 2014, a judgment in the criminal case was entered against Colangelo. Colangelo was sentenced to a prison term of 87 months followed by three years of supervised release and ordered to make restitution in the amount of \$3,526,815.

3. The counts of the indictment to which Colangelo pleaded guilty alleged, among other things, that Colangelo held himself out as an investment adviser and solicited funds from investors by promising to invest money on the investor's behalf exchange for a percentage of any profits earned, that Colangelo defrauded investors, and that Colangelo obtained money and property from investors by making materially false and misleading statements.

4. In connection with his guilty plea, Colangelo admitted that he: (i) participated in schemes to defraud investors, one connected to the Brickell Fund and the others connected to Hedge Community, Start a Hedge Fund, and Under the Radar; (ii) held himself out as investment adviser; (iii) knowingly made false statements to investors, including false statements about purported trading returns, the use of investor funds, and Colangelo's compensation; and (iv) misappropriated investor funds.

5. On April 22, 2015, a final judgment by default was entered against Colangelo, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. Stephen A. Colangelo, Jr., Civil Action Number 7:12-cv-8439, in the United States District Court for the Southern District of New York.

6. The Commission's complaint alleged that, from April 2009 to October 2011, Colangelo made numerous material misrepresentations to investors, including misrepresentations concerning the use of investor funds and historical trading returns. The complaint also alleged that, from April 2009 to January 2011, Colangelo obtained over \$1 million from three investment advisory clients, on whose behalf Colangelo promised to buy and sell securities in exchange for a percentage of any profits earned, by making similar misrepresentations. The complaint further alleged that Colangelo misappropriated investor and client funds.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Colangelo 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 the Respondent 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 the Respondent, 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.

Brent J. Fields
Secretary