

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 6078 / August 1, 2022**

**ADMINISTRATIVE**  
**PROCEEDING File No. 3-20941**

**In the Matter of**

**DONALD S. LAGUARDIA, JR.,**

**Respondent.**

**RESPONDENT DONALD S.  
LAGAURDIA, JR.'S  
RESPONSE TO ORDER  
INSTITUTING  
ADMINISTRATIVE  
PROCEEDINGS PURSUANT  
TO SECTION 203(1) OF THE  
INVESTMENT ADVISERS  
ACT OF 1940**

Respondent Donald S. LaGuardia, Jr., by his undersigned counsel, responds to the Order Instituting Proceedings as follows:

**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 203(f) of the Investment Advisers Act of 1940 ("Advisers Act") against Donald S. LaGuardia, Jr. ("LaGuardia" or "Respondent").

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. LaGuardia, age 55, along with two others, founded L-R Managers, LLC ("L-R Managers"), an investment adviser not registered with the Commission. L-R Managers was the investment adviser to, among other funds, the LR Global Frontier Funds ("Frontier Funds"). The Frontier Funds were formed with the stated focus of investing in "frontier" markets. During the relevant period, LaGuardia was one of two managing principals of L-R Managers and was a portfolio manager of the Frontier Funds.

**Response:** To the extent that a response is required to this paragraph, Respondent denies these allegations.

## **B. RESPONDENT'S CRIMINAL CONVICTION**

2. On November 12, 2020, LaGuardia was found guilty of one count of securities fraud [15 U.S.C. §§ 78j(b) & 78ff; 17 C.F.R. § 240.10b-5; 18 U.S.C. § 2]; one count of investment adviser fraud [15 U.S.C. §§ 809b-6 & 80b-17; 18 U.S.C. § 2], and one count of wire fraud [18 U.S.C. §§ 1343 & 1342]. *U.S. v. LaGuardia*, 19-cr.-00893 (S.D.N.Y.). On July 20, 2021, a judgment was entered against LaGuardia. He was sentenced to five years in prison, ordered to pay \$4,039,872.46 in restitution to defrauded investors, and \$2,571,500 as forfeiture.

**Response:** To the extent that a response is required to this paragraph, Respondent responds that this paragraph alleges legal conclusions to which no response is required.

Stating further, as the Commission is aware from the ongoing parallel Enforcement Proceeding initiated by the Commission in the U.S. District Court for the Southern District of New York (*SEC v. LaGuardia*, Case No. 1:19-cv-05895 (ALC/SDA) (“Enforcement Proceeding”), Respondent LaGuardia has appealed the criminal conviction in *U.S. v. LaGuardia*, 19-cr.-00893 (S.D.N.Y.) (LAK), and the appeal is ongoing. Defendant’s Opening Brief and Appendix were filed with the United States Court of Appeals for the Second Circuit on January 14, 2022 [*U.S. v. LaGuardia, AKA Sealed Defendant 1*, 21-2206-cr]. The government’s Opposition Brief was filed on April 15, 2022, while Defendant’s Reply Brief was filed on May 6, 2022. Oral argument in the Second Circuit is scheduled for December 6, 2022.

3. The counts of the criminal indictment pursuant to which LaGuardia was convicted alleged, *inter alia*, that from at least 2013-2017, LaGuardia, a managing principal of L-R Managers, the investment adviser to the Frontier Funds, engaged in a scheme to defraud investors in the Frontier Funds. Specifically, the indictment alleged that LaGuardia solicited investments in the Frontier Funds through material misrepresentations and omissions to investors and potential investors in the Frontier Funds. The indictment further alleged that, contrary to representations made in the Frontier Funds' Private Placement Memoranda and in breach of duties owed to investors in the Funds, LaGuardia misappropriated a substantial portion of investor funds and Frontier Fund assets. As such, the indictment alleged, *inter alia*, that LaGuardia, in connection with the purchase and sale of securities, employed manipulative and deceptive devices and contrivances by (a) employing devices, schemes, and artifices to defraud; (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in light of the circumstances which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon persons.

**Response:** To the extent that a response is required to this paragraph, Respondent responds that this paragraph alleges legal conclusions to which no response is required.

Stating further, as the Commission is aware from the ongoing parallel Enforcement Proceeding initiated by the Commission in the U.S. District Court for the Southern District of New York (*SEC v. LaGuardia*, Case No. 1:19-cv-05895 (ALC/SDA) (“Enforcement Proceeding”), Respondent LaGuardia has appealed the criminal conviction in *U.S. v.*

*LaGuardia*, 19-cr.-00893 (S.D.N.Y.) (LAK), and the appeal is ongoing. Defendant's Opening Brief and Appendix were filed with the United States Court of Appeals for the Second Circuit on January 14, 2022 [*U.S. v. LaGuardia, AKA Sealed Defendant 1*, 21-2206-cr]. The government's Opposition Brief was filed on April 15, 2022, while Defendant's Reply Brief was filed on May 6, 2022. Oral argument in the Second Circuit is scheduled for December 6, 2022.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

**Response:** To the extent that a response is required to this paragraph, Respondent responds that this paragraph alleges legal conclusions to which no response is required.

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act; and

**Response:** To the extent that a response is required to this paragraph, Respondent responds that this paragraph alleges legal conclusions to which no response is required.

### **THE PROCEEDINGS SHOULD BE STAYED**

As the Commission is aware from the ongoing parallel Enforcement Proceeding initiated by the Commission in the U.S. District Court for the Southern District of New York (*SEC v. LaGuardia*, Case No. 1:19-cv-05895 (ALC/SDA) ("Enforcement Proceeding"), Respondent LaGuardia has appealed the criminal conviction in *U.S. v. LaGuardia*, 19-cr.-00893 (S.D.N.Y.) (LAK), and the appeal is ongoing. Defendant's Opening Brief and Appendix were filed with the United States Court of Appeals for the Second Circuit on January 14, 2022 [*U.S. v. LaGuardia, AKA Sealed Defendant 1*, 21-2206-cr]. The government's Opposition Brief was filed on April 15, 2022, while Defendant's Reply Brief was filed on May 6, 2022. Oral argument in the Second Circuit is scheduled for December 6, 2022.

A number of the allegations in the Enforcement Proceeding relate to certain matters alleged in the criminal matter and, due to the ongoing nature of the appeal, Mr. LaGuardia has asserted his privilege under the Fifth Amendment to the United States Constitution. The Commission now seeks to use Respondent LaGuardia's conviction, and the allegations made in the parallel Enforcement Proceeding, as a basis for the relief it seeks in this case. However, if Respondent does not continue to assert his Fifth Amendment rights in this proceeding, he will waive those rights in the ongoing Enforcement Proceeding (and any further proceedings) should he succeed in obtaining the reversal, in whole or in part, of his conviction. Accordingly, Respondent respectfully submits that this matter should be stayed until his criminal appeal is decided in order to protect his paramount Fifth

Amendment rights, which protection will not cause any prejudice to any party in this proceeding.

**CONCLUSION**

Respondent LaGuardia therefore requests that this matter be stayed and, if not, that judgment and such other relief as is just under the circumstances be entered in his favor.

**Dated:** November 21, 2022

Respectfully submitted,

Donald S. LaGuardia, Jr.

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