

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 56006 / July 3, 2007

INVESTMENT ADVISERS ACT OF 1940
Release No. 2614 / July 3, 2007

ADMINISTRATIVE PROCEEDING
File No. 3-12675

In the Matter of

**Peter Krieger and
Sheldon Krieger,**

Respondents.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS UPON PETER
KRIEGER AND SHELDON KRIEGER**

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”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Peter Krieger and Sheldon Krieger (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have each submitted an Offer of Settlement (“Peter Krieger’s Offer” or “Sheldon Krieger’s 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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, and as to the findings contained in Section III.A.2 below with respect to Peter Krieger, which are admitted by Peter Krieger, and the findings contained in

Section III.B.5 below with respect to Sheldon Krieger, which are admitted by Sheldon Krieger, the Respondents each consent to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions Upon Peter Krieger and Sheldon Krieger (“Order”), as set forth below.

III.

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

A. Peter Krieger

1. Peter Krieger, 33, controlled and was a principal of KFSI Equity Fund, L.P. (“KFSI Fund”), a now-defunct hedge fund for which he also acted as an unregistered investment adviser from May 1999 until January 2001. He also directed most of the KFSI Fund’s trading during this time. From September 1998 until January 2001, he also was the president, director, and a control person of Krieger Financial Services, Inc. (“Krieger Financial”), a registered broker-dealer through which the KFSI Fund placed its trades. He is a resident of Jupiter, Florida.

2. On November 6, 2006, Peter Krieger pled guilty to the first degree felony of one count of organized fraud in obtaining property valued at more than \$50,000, in violation of Section 817.034(4)(a)(1), Florida Statutes, before the Circuit Court of the Fifteenth Judicial Circuit of Florida in and for Palm Beach County, in State of Florida v. Peter Krieger, Case No. 05-4547-CF-A02. On November 6, 2006, the same court entered a judgment in the criminal case against Peter Krieger based on his plea agreement. The Court sentenced him to seven years of probation during which he may not be associated with or be a broker-dealer or investment adviser, and to joint payment with Sheldon Krieger of \$1,292,129 in restitution and fines, and payment of \$7,373 in costs.

3. The count of the criminal information to which Peter Krieger pled guilty alleged, among other things, that from March 2000 until approximately January 2001 he engaged in a scheme to defraud and obtain money from investors in the KFSI Fund or clients of Krieger Financial by false representations or promises.

B. Sheldon Krieger

4. Sheldon Krieger, 65, was a shareholder and control person of Krieger Financial and participated in the daily operations of the KFSI Fund from at least May 1999 until January 2001. He is a resident of Jupiter, Florida.

5. On November 6, 2006, Sheldon Krieger pled guilty to the first degree felony of one count of organized fraud in obtaining property valued at more than \$50,000, in violation of Section 817.034(4)(a)(1), Florida Statutes, before the Circuit Court of the Fifteenth Judicial Circuit of Florida in and for Palm Beach County, in State of Florida v. Sheldon Krieger, Case No. 05-4547-CF-B02. On November 6, 2006, the same court entered a judgment in the criminal case against Sheldon Krieger based on his plea agreement. The Court sentenced him to seven years of

probation during which he may not be associated with or be a broker-dealer or investment adviser, and to joint payment with Peter Krieger of \$1,292,129 in restitution and fines, and payment of \$7,373 in costs.

6. The count of the criminal information to which Sheldon Krieger pled guilty alleged, among other things, that from March 2000 until approximately January 2001 he engaged in a scheme to defraud and obtain money from investors in the KFSI Fund or clients of Krieger Financial by false representations or promises.

IV.

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

Accordingly, it is hereby ORDERED:

A. Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Peter Krieger be, and hereby is barred from association with any broker, dealer, or investment adviser.

B. Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Sheldon Krieger be, and hereby is barred from association with any broker, dealer, or investment adviser.

Any reapplication for association by either 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 a 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.

For the Commission, by its Secretary, pursuant to delegated authority.

Nancy M. Morris
Secretary