

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 60149 / June 19, 2009**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13524**

**In the Matter of**

**RAM CAPITAL RESOURCES, LLC,  
MICHAEL E. FEIN, and  
STEPHEN E. SALTZSTEIN**

**Respondents.**

**ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTIONS 15(b) AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Ram Capital Resources, LLC (“Ram”), Michael E. Fein, and Stephen E. Saltzstein (collectively “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the

Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents’ Offers, the Commission finds<sup>1</sup> that:

#### Summary

1. These proceedings arise out of Respondent Ram’s role as an intermediary in the PIPEs (an acronym for “private investments in public equities”) market. Specifically, from 2001 through early 2005, Respondent Ram -- through its principals, Respondents Michael E. Fein and Stephen E. Saltzstein -- engaged in the business of identifying investors for PIPE offerings. Upon identifying a PIPE offering or a potential PIPE offering, Ram solicited investors -- a majority of which were hedge funds -- to invest in the offering. The investors then compensated Ram by paying to it a certain percentage of the gross amount invested and, in most instances, allocated to Ram a certain percentage of any warrants they received as part of their investment. Ram also engaged in structuring PIPE offerings and negotiating the terms of such offerings with investors and issuers.

2. Although Respondents Fein and Saltzstein knew or should have known that Ram was required to register with the Commission as a securities broker or dealer, at no point in time did Ram register while engaging in the conduct alleged herein.

3. While acting as unregistered principals of Ram, Respondents Fein and Saltzstein were responsible for controlling the operations of Ram and were directly compensated out of the proceeds of those operations.

4. By engaging in this course of conduct, Respondents willfully violated the broker-dealer registration provisions of Section 15(a) of the Exchange Act.

#### Respondents

5. **Ram Capital Resources, LLC** is a New York limited liability company formed by Fein, with its principal place of business in New York, New York. During the relevant time, Fein and Saltzstein controlled and operated Ram and at no point in time was Ram registered with the Commission as a broker or dealer.

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<sup>1</sup> The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

6. **Michael E. Fein**, age 41, is a resident of Port Washington, New York. During the relevant time, Fein served as a principal of Ram.

7. **Stephen E. Saltzstein**, age 40, is a resident of New York, New York. During the relevant time, Saltzstein served as a principal of Ram.

### **Background**

8. Fein formed Ram in 1997 as a joint venture with a wealthy investor to identify PIPE offerings on his behalf.

9. Later in 1997, Saltzstein joined Ram as a consultant and became a principal of the firm during 2001. During the relevant time period, Saltzstein and Fein were primarily responsible for operating and controlling Ram.

10. Ram's business model focused on seeking investment opportunities within the PIPEs market and soliciting hedge funds and other investors to invest in PIPE offerings.

11. Certain participants in the PIPEs market knew of Ram's business model and its ability to gather investors that wanted to invest in PIPE offerings. Consequently, Ram was notified about pending PIPE offerings by, among others, PIPE issuers, registered broker-dealers acting as placement agents on behalf of the PIPE issuers, and interested investors.

12. In addition to learning about PIPE offerings that were already in the market or about to come to market, Ram also sought out certain issuers it believed were likely candidates for raising capital through a PIPE offering and made inquiries as to whether these issuers were interested in conducting a PIPE offering. If an issuer were interested, Ram contacted investors to see whether they wanted to participate in the PIPE. If an investor expressed interest, Ram alerted the issuer to the investor's interest and served as an intermediary between the issuer and the investor.

13. While acting as an intermediary, Ram's activities on certain occasions went beyond identifying potential PIPE opportunities for both issuers and investors. In connection with certain PIPE offerings, Ram also played a significant role in structuring, and negotiating the terms of, the PIPE offering. For example, Fein and Saltzstein often drafted and distributed to issuers and investors the initial term sheet outlining the terms of the PIPE offering.

14. Ram also advised issuers and investors about the structure of the PIPE offering, including, for example, whether the offering should be structured as a convertible debt offering or a common stock offering. Ram continued to remain involved in the offering by negotiating the terms of the relevant documents, including the securities purchase agreement.

15. Ram's sole source of revenue was generated from services it provided to PIPE investors. Typically, Ram received 3.5% of the gross amount invested by each investor it solicited, in addition to 25% percent of all warrants allocated to such investors.

16. As co-principals of Ram, Fein's and Saltzstein's compensation was directly derived from the fees Ram earned for services it provided to investors.

17. At some point during the relevant time period, Fein and Saltzstein knew or were reckless in not knowing that Ram's compensation structure for its services required Ram to register as a broker-dealer. In fact, others in the industry questioned Fein about whether Ram should be registered based on the services Ram was providing and how it was compensated for such services.

### **Ram, Fein, and Saltzstein Acted as Unregistered Brokers**

18. Section 15(a)(1) of the Exchange Act requires a "broker" to be registered with the Commission or, if a natural person, to be associated with a registered broker-dealer, in order "to induce or attempt to induce the purchase or sale of[] any security (other than an exempted security or commercial paper, bankers' acceptances, or commercial bills)" while making use of the mails or any means or instrumentality of interstate commerce. Section 3(a)(4) of the Exchange Act defines a "broker" as any person, other than a bank, "engaged in the business of effecting transactions in securities for the account of others."

19. As principals of Ram, Fein and Saltzstein played a role in providing services to PIPE investors. Specifically, through their relationships and communications with both PIPE issuers and investors, Fein and Saltzstein had involvement in structuring certain PIPE offerings and negotiating the terms of the offerings. Furthermore, they were actively involved in soliciting investors to invest in PIPE offerings. Their salaries were paid from the fees that Ram received for the services it provided to PIPE investors.

20. Based on the conduct described above, Ram acted as a broker without being registered with the Commission in connection with dozens of PIPE offerings.

21. Fein and Saltzstein acted as brokers without being registered or associated with a registered broker-dealer.

22. As a result of the conduct described above, Respondents willfully violated Section 15(a) Exchange Act.

### **Undertakings**

23. Respondent Fein shall provide to the Commission, within thirty days after the end of the twelve (12) month suspension period described below, an affidavit that he has complied fully with the sanctions described in Section IV below.

24. Respondent Saltzstein shall provide to the Commission, within thirty days after the end of the six (6) month suspension period described below, an affidavit that he has complied fully with the sanctions described in Section IV below.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondents Ram, Fein, and Saltzstein cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

B. Respondent Ram is censured.

C. Respondent Fein be, and hereby is, suspended from association with any broker or dealer for a period of twelve (12) months, effective on the first Monday following the entry of this Order.

D. Respondent Saltzstein be, and hereby is, suspended from association with any broker or dealer for a period of six (6) months, effective on the first Monday following the entry of this Order.

E. Respondent Fein shall pay disgorgement of \$364,721, prejudgment interest of \$83,657 and a civil penalty of \$90,000 to the United States Treasury. Fein's payment shall be made in the following installments: (i) \$82,000 within ten days of entry of this Order; (ii) \$151,000 within 120 days of entry of this Order; (iii) \$151,000 within 240 days of entry of this Order; and (iv) \$154,378 within 364 days of entry of this Order. Respondent Saltzstein shall pay disgorgement of \$364,721, prejudgment interest of \$83,657 and a civil penalty of \$60,000 to the United States Treasury. Saltzstein's payment shall be made in the following installments: (i) \$75,000 within ten days of entry of this Order; (ii) \$144,000 within 120 days of entry of this Order; (iii) \$144,000 within 240 days of entry of this Order; and (iv) \$145,378 within 364 days of entry of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application. Payments shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letters that identify Michael E. Fein and Stephen E. Saltzstein as Respondents in these proceedings, the file number of these proceedings, a copy of which cover letters and money orders or checks shall be sent to Scott

Friestad, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E.,  
Washington, DC 20549.

F. Respondent Fein shall comply with the undertakings enumerated in Section III,  
paragraph 23 above.

G. Respondent Saltzstein shall comply with the undertakings enumerated in Section III,  
paragraph 24 above.

By the Commission.

Elizabeth M. Murphy  
Secretary