

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2857 / March 26, 2009

ADMINISTRATIVE PROCEEDING FILE NO. 3-13415

PROCEEDING INSTITUTED AGAINST MATTHEW LA MADRID

On March 26, 2009, the United States Securities and Exchange Commission (Commission) announced the issuance of an Order Instituting Administrative Proceeding Pursuant to Section 203(f) of the Investment Advisers Act of 1940, and Notice of Hearing (Order) against Matthew La Madrid (La Madrid), based on the entry of a permanent injunction against La Madrid in the civil action entitled Securities and Exchange Commission v. Plus Money, Inc., et al., Civil Action No. 08-CV-0764-MMA (NLS), in the U.S. District Court for the Southern District of California.

In the Order, the Division of Enforcement alleges that on March 3, 2009, the U.S. District Court for the Southern District of California entered a judgment of permanent injunction and other relief by consent against La Madrid, permanently enjoining him from future violations of Sections 206(1), 206(2) and 206(4) of the Advisers Act.

The Division of Enforcement further alleges in the Order that the Commission's complaint in the civil action alleged that La Madrid was the treasurer and president of Plus Money, Inc. ("Plus Money"), a Nevada corporation; that Plus Money was the investment adviser to and manager of The Premium Return Funds, Nevada-based limited partnerships that operated as purported hedge funds; and that through his control of Plus Money, La Madrid acted as investment adviser for the Premium Return Funds, including making all investment decisions on behalf of the Premium Return Funds. According to the complaint in the civil action, from May 2004 through July 2007, the Premium Return Funds raised approximately \$30.6 million from at least 300 investors. La Madrid told investors that he had a lucrative trading strategy involving the purchase and sale of covered call options. La Madrid failed to disclose that trading in the Premium Return Funds brokerage accounts ceased in the Fall of 2007 and that La Madrid dissipated the investor monies held in those accounts through a series of illicit transfers. Specifically, in September and October 2007, La Madrid transferred a total of \$7.6 million from the Premium Return Funds' brokerage accounts to Vision Quest Investments, La Madrid's dba. In November 2007, Vision Quest wired \$10 million to a third party, Palladium Holding Company; Palladium Holding Company subsequently transferred \$5 million to a brokerage account it controlled and began exercising numerous short-sell transactions of Treasury bonds, steadily dissipating the assets in the brokerage account; and Palladium Holding Company dispersed the remainder of the funds received from Vision Quest in a variety of ways having nothing to do with the purchase and sale of covered call options.

A hearing will be scheduled before an administrative law judge to determine whether the allegations contained in the Order are true, to provide La Madrid an opportunity to dispute the allegations, and to determine what, if any, remedial action is appropriate and in the public interest, pursuant to Section 203(f) of the Investment Advisers Act of 1940.

The Order requires that an Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of the Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.