

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2937 / October 16, 2009

ADMINISTRATIVE PROCEEDING
File No. 3-13654

In the Matter of

Philip G. Barry,

Respondent.

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

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 Philip G. Barry (“Respondent”).

II.

In anticipation of the institution of these proceedings, 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, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

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

1. From at least 1978 to 2008, Barry acted as an unregistered investment adviser. Barry operated the Leverage Group, an unregistered entity, and North American Financial Services d/b/a Leverage Option Management Co., which was registered as an investment adviser from 1979 until the Commission cancelled its registration in 1987 (together "Leverage"). The Leverage entities purported to operate investment funds. At all times relevant, Barry had sole trading authority and control over Leverage. Barry is not registered with the Commission in any capacity. Barry, 51 years old, is a resident of Brooklyn, New York.

2. On September 23, 2009, a final judgment was entered by consent against Barry, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 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. Philip G. Barry, et al., Civil Action Number 09-CV-03860, in the United States District Court for the Eastern District of New York.

3. The Commission's complaint alleged, among other things, that in connection with the offer or sale of securities, Barry made materially false and misleading statements to investors, orchestrated a Ponzi scheme, misappropriated investor funds for his personal use, made misrepresentations to investors concerning their investment performance and the risks associated with their investments, prepared and issued phony account statements to investors that purportedly showed lofty, but false, investment returns, and otherwise engaged in a variety of conduct which operated as a fraud and deceit on investors. From at least 1978 to 2008, Barry fraudulently obtained at least \$40.2 million from investors and caused investors to incur significant losses.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant Section 203(f) of the Advisers Act, that Respondent Barry be, and hereby is barred from association with any investment adviser;

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.

Elizabeth M. Murphy
Secretary