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”) against Daniel Schreiber (“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 15(b) of the Securities Exchange Act of 1934, 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. Schreiber, is the owner, Chief Executive Officer, and President of Granite Financial Group, LLC (“Granite”), a registered broker-dealer. From 2003 to 2005, Schreiber and Granite provided securities brokerage services to several investment advisers to hedge funds, including JLF Asset Management, LLC (“JLF”).

2. On January 19, 2010, a final judgment was entered by consent against Schreiber, permanently enjoining him from future violations of Section 17(a)(2) and (3) of the Securities Act of 1933, in the civil action entitled Securities and Exchange Commission v. Travis, et al., Civil Action Number 09-CV-2288 (PKC), in the United States District Court for the Southern District of New York.

3. The Commission’s complaint alleged that, Schreiber caused Granite to pay for the personal expenses of two JLF employees in exchange for the JLF employees directing a significant amount of the JLF Funds’ securities trades through Granite. The personal expenses included rent for a JLF employee’s residence and car service. Schreiber personally profited from the commissions Granite generated for executing the JLF Funds’ trades. The JLF employees concealed the scheme, and the material conflicts of interest that it created, from the investment adviser’s hedge fund clients, which operated as a fraud and deceit on investors.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Schreiber’s Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Schreiber be, and hereby is censured.

By the Commission.

Elizabeth M. Murphy
Secretary