

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3028 / May 21, 2010**  
**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13908**

**In the Matter of**

**Sherwin Brown and  
Jamerica Financial, Inc.**

**Respondents**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTIONS 203(e) AND (f)  
OF THE INVESTMENT ADVISERS ACT  
OF 1940 AND NOTICE OF HEARING**

**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 Sections 203(e) and (f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Sherwin Brown and Jamerica Financial, Inc. (“Respondents”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENTS**

1. Respondent Sherwin Brown (“Brown”), 49 years old, resides in Boca Raton, Florida. Brown is the President and majority owner of Jamerica Financial Inc. (“Jamerica”). As President of Jamerica, Brown controls Jamerica and provides investment advice and portfolio management services to the clients of Jamerica.

2. Respondent Jamerica Financial Inc., is an investment adviser registered with the Commission since April 11, 2000, and is a Minnesota corporation with its principal place of business in Minneapolis, Minnesota. In the past, Jamerica has provided investment advisory services and portfolio management services to as many as 250 clients in approximately 4 states.

B. DISTRICT COURT PROCEEDINGS

3. On March 29, 2006, the Commission filed a Complaint in the United States District Court for the District of Minnesota (“Court”), captioned Securities and Exchange Commission v. Sherwin P. Brown, Jamerica Financial, Inc., and Brawta Ventures, LLC, Civil Case No. 06-1213.

4. The Complaint alleged that beginning in December 2003, Brown and Jamerica provided written correspondence to the clients of Jamerica to market and solicit investments in Brawta Ventures, LLC, (“Brawta”) a purported private investment fund. The Complaint also alleged that Brown was to be the General Manager of Brawta, and represented to investors that he was solely responsible for selecting Brawta’s investments and for overseeing its trading activity. Between May 2004 and January 2006, Brown, Jamerica, and Brawta raised approximately \$1.65 million from approximately 53 investors. The Complaint also alleged that, instead of investing the funds of Brawta as promised, Brown and Jamerica diverted approximately \$569,950 from Brawta and deposited funds into the personal checking account of Brown and the checking account of Jamerica. The Complaint also alleged that from there, Brown and Jamerica used the Brawta funds for personal expenses of Brown and business operating expenses. The Complaint also alleged that neither Brown nor Jamerica told investors that money invested in Brawta would be used towards personal expenses of Brown or the business operating expenses of Jamerica. The Complaint also alleged that, in addition, neither Brown nor Jamerica told investors that he or Jamerica would borrow money invested in Brawta. Furthermore, Brown and Jamerica attempted to conceal the misappropriation of Brawta funds into the bank account of Jamerica. The Complaint also alleged that Brown and Jamerica falsified the 2004 general ledger of Jamerica by claiming that money deposited into the Jamerica bank account was the capital contributions of Brown when in fact it was Brawta investor money diverted from Brawta’s bank account. The Complaint alleged that Respondents’ conduct violated Sections 17(a)(1)-(3) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), Rule 10b-5 promulgated under the Exchange Act, Sections 206(1)-(2) of the Advisers Act, and Rules 204-2(a)(2) and (6) of the Advisers Act. The Complaint also alleged that Brown aided and abetted Jamerica's violations of the Advisers Act.

5. On September 30, 2008, the Court granted the Commission’s Motion for Summary Judgment as to Sections 17(a)(1)-(3) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Sections 206(1)-(2) of the Advisers Act, and Rule 204-2 under the Advisers Act. In its Opinion, the Court adopted the findings previously made by the Magistrate Judge’s Report and Recommendation dated June 12, 2008 which stated:

The evidence before the Court demonstrates that [Respondents] acted with at least severe recklessness in violating Section 10(b), Rule 10b-5, and Section 17(a). [The SEC] has presented unrefuted evidence that Brown received over \$1.65 million to be invested in Brawta. Then, Brown transferred \$869,633 from Brawta to either himself or Jamerica. While Brown did not articulate a consistent investment strategy for Brawta, the evidence does show that Brown indicated that the money would be put to an investment purpose. The money transferred to Brown and Jamerica was not put to any investment purpose. There is no documentation to support any investment purpose for the transfer of funds from

Brawta to Brown and Jamerica. Furthermore, the evidence shows that Brown made attempts to conceal the transfers from Brawta by converting the funds into cash by writing checks directly to banks, by asking [a business associate] to lie regarding the nature of the payment he received, and by documenting contributions from Brawta to Jamerica as capital contributions from Brown. The evidence shows that [Respondents] acted in a manner designed to defraud and deceive its clients. [Respondents] misappropriated client funds and attempted to conceal this misappropriation from their clients.

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When the [SEC's] examination staff conducted an inspection of Jamerica, Brown was not able to produce current and complete records for Jamerica. Brown was also unable to produce any financial statements or ledgers for Brawta. Since Brown is solely responsible for the management and control of Jamerica, it has been shown that he aided and abetted Jamerica in violating the record keeping provisions of the [Advisers] Act. It is worthy of note that, even in opposition to this motion, [Respondents] have not provided complete records. The evidence clearly shows that Jamerica did not maintain the records required by the [Advisers] Act and Brown is responsible for Jamerica's failure to keep appropriate records.

6. On April 30, 2010, a final judgment was entered against Respondents permanently enjoining them from violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 204, 206(1) and 206(2) of the Advisers Act and Rule 204-2 thereunder. On May 3, 2010, the clerk entered this final judgment.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II. are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Sections 203(e) and (f) of the Advisers Act.

### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III. hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that the Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If the Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon the Respondents personally or by certified mail.

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

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

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

Elizabeth M. Murphy  
Secretary

## SERVICE LIST

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Proceedings Pursuant to Sections 203(e) and (f) of the Investment Advisers Act of 1940 and Notice of Hearing ("Order") on each person named as a party in the Order and his/her legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray  
Chief Administrative Law Judge  
Securities and Exchange Commission  
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