

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 64126 / March 25, 2011

INVESTMENT ADVISERS ACT OF 1940
Release No. 3180 / March 25, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14309

In the Matter of

JOSEPH A. DAWSON,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Joseph A. Dawson (“Dawson” or “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 and III.4 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 and 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. Dawson, age 49, is a resident of Fox Lake, Illinois. He was the owner and president of Dawson Trading, LLC, an unregistered broker-dealer entity. From October 2004 through 2009, Dawson acted as an unregistered investment adviser to Dawson Trading, soliciting investors to invest in promissory notes issued by Dawson Trading, providing investment advice to Dawson Trading, making investment decisions on behalf of Dawson Trading, and effecting transactions in securities for Dawson Trading. Dawson was registered with the NASD as a registered representative while he was employed with an Illinois-based broker-dealer, Shepherd Financial Group, Inc. from 1995 to 1996.

2. On March 17, 2011, a final judgment was entered by consent against Dawson, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, Sections 10(b) and 15(a) of the Exchange Act 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. Joseph A. Dawson, Civil Action Number 1:11-cv-01615, in the United States District Court for the Northern District of Illinois.

3. The Commission’s complaint alleged that Dawson engaged in a fraudulent offering scheme and unlawful insider trading. The complaint alleged that during an approximately five-year period, Dawson raised approximately \$3.8 million from approximately 31 investors through the sale of promissory notes that provided guaranteed returns. The complaint further alleged that instead of investing the \$3.8 million on behalf of investors, Dawson misappropriated approximately \$2.1 million for his own personal expenses and purposes, and lost \$945,000 trading securities. The complaint alleged that despite having never invested or losing the funds that were invested, Dawson provided false quarterly account statements to investors which showed significant returns. The complaint also alleged that through Dawson Trading, Dawson also engaged in unlawful insider trading by purchasing options of SPSS Inc. based on material, non-public information in advance of the July 28, 2009 announcement that International Business Machines Corporation was going to acquire SPSS. The complaint alleged that the unlawful trading generated profits of approximately \$437,770.

4. On November 18, 2010, Dawson pled guilty to three counts of wire fraud (18 U.S.C. § 1343) before the United States District Court for the Northern District of Illinois in United States v. Joseph A. Dawson, Criminal Action No. 1:09-cr-01037-1. Dawson was sentenced on March 8, 2011 to 54 months in prison.

5. The counts of the criminal information to which Dawson pled guilty alleged, among other things, that Dawson defrauded investors and obtained money from investors

by means of materially false and misleading statements, and that he caused investor funds to be transmitted by interstate wire to Dawson Trading and that these funds represented clients' investments in Dawson Trading.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Dawson be, and hereby is barred from association with any broker, dealer, or investment adviser, municipal securities dealer, or transfer agent.

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.

Respondent be, and hereby is, barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

By the Commission.

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 Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions ("Order"), on the Respondent and his 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
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