In the Matter of

TOURADJI CAPITAL
MANAGEMENT, L.P.,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 203(e) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), and Section 203(e) of the Investment Advisers Act of 1940 ("Advisers Act") against Touradji Capital Management, L.P. ("Touradji Capital" 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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934 and Section 203(e) of the Investment Advisers Act of 1940, Making
Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

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

Summary

1. These proceedings arise out of a violation of Rule 105 of Regulation M of the Exchange Act by Touradji Capital, an unregistered investment adviser and hedge fund manager located in New York, New York. Rule 105 prohibits buying an equity security made available through a public offering, conducted on a firm commitment basis, from an underwriter or broker or dealer participating in the offering after having sold short the same security during the restricted period as defined therein.

2. On three occasions, from October 2007 through July 2008, Touradji Capital bought offered shares from an underwriter or broker or dealer participating in a follow-on public offering after having sold short the same security during the restricted period. These violations collectively resulted in profits of approximately $834,000.

3. The trading decisions that gave rise to the foregoing violations of Regulation M were made by two former employees of Touradji Capital whose employment ended in late 2008.

4. During the relevant period, although Touradji Capital had provided some training to its employees concerning Rule 105, it did not have policies, procedures and controls in place sufficient to prevent or detect Rule 105 violations.

Respondent

5. Touradji Capital is a limited partnership organized under Delaware law and located in New York, New York. During the relevant period, Touradji Capital managed three hedge funds: Touradji Global Resources Master Fund Ltd., Touradji Deeprock Master Fund Ltd. and Touradji Diversified Master Fund Ltd. Touradji Capital effected the trades that are the subject of these proceedings on behalf of funds that it managed.

Legal Framework

6. Rule 105 prohibits short selling securities during a restricted period and then purchasing the same securities in a public offering. 17 C.F.R. § 242.105; see Short Selling in Connection with a Public Offering, Rel. No. 34-56206, 72 Fed. Reg. 45094 (Aug. 10, 2007) (effective Oct. 9, 2007). The Rule 105 restricted period is the shorter of the period: (1) beginning five business days before the pricing of the offered securities and ending with such pricing; or (2) beginning with the initial filing of a registration statement or notification on Exchange Act Form 1-A or Form 1-E and ending with pricing. “The goal of Rule 105 is to promote offering prices that are
based upon open market prices determined by supply and demand rather than artificial forces.” Final Rule: Short Sales, Exchange Act Release No. 50103. Rule 105 is prophylactic and prohibits the conduct irrespective of the short seller’s intent in effecting the short sale.

Touradji Capital’s Violations of Rule 105 of Regulation M

7. On October 31, 2007, Touradji Capital sold short 3,472 shares of McMoran Exploration Co. (“McMoran”) at a price of $12.18 per share. On November 1, 2007, McMoran announced the pricing of a follow-on offering of 16.25 million shares of its common stock at $12.40 per share. Touradji Capital received an allocation of 3,227 shares in that offering. Because the offering price was greater than both the price at which Touradji Capital sold short during the restricted period and the market price on the day of the follow-on offering, Touradji Capital did not profit as a result of this violation.

8. On March 25, 2008, Touradji Capital sold short a total of 277,800 shares of Chesapeake Energy Corporation (“Chesapeake Energy”) at prices ranging between $46.2674 and $46.4147. On March 27, 2008, Chesapeake Energy announced the pricing of a follow-on offering of 20 million shares of its common stock at $45.75 per share. Touradji Capital received an allocation of 400,000 shares in that offering. The difference between Touradji Capital’s proceeds from the restricted period short sales of Chesapeake Energy shares and the price for 277,800 shares purchased in the offering was $171,423. Touradji Capital also improperly obtained a benefit of $19,809 by purchasing the remaining 122,200 offering shares at a discount from Chesapeake Energy’s market price.

9. On July 11, 2008, Touradji Capital sold short a total of 47,900 shares of GMX Resources, Inc. (“GMX”) at a price of $81.7903 per share. On July 17, 2008, GMX announced the pricing of a follow-on offering of 2 million shares of its common stock at $70.50 per share. Touradji Capital received an allocation of 100,000 shares in the offering. The difference between Touradji Capital’s proceeds from the restricted period short sales of GMX shares and the price for 47,900 GMX shares purchased in the offering was $540,805. Touradji Capital also improperly received a benefit of $101,939 by purchasing the remaining 52,100 offering shares at a discount from GMX’s market price.

10. In total, Touradji Capital’s violations of Rule 105 resulted in profits of $833,976.

Violations

11. As a result of the conduct described above, Touradji Capital violated Rule 105 of Regulation M under the Exchange Act willfully.¹

¹ A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” Wonsover v. SEC, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting Hughes v. SEC, 174 F.2d. 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C. Cir. 1965)).
Touradji Capital’s Remedial Efforts

12. After Touradji Capital learned of its Rule 105 violations, it developed and implemented policies, procedures and controls to prevent or detect Rule 105 violations. In determining to accept the Offer, the Commission considered Touradji Capital’s remedial efforts.

IV.

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

Accordingly, pursuant to Section 21C of the Exchange Act and Section 203(e) of the Adviser Act, it is hereby ORDERED that:

A. Respondent Touradji Capital cease and desist from committing or causing any violations and any future violations of Rule 105 of Regulation M of the Exchange Act;

B. Touradji Capital is censured;

C. Touradji Capital shall within fourteen (14) days of the entry of this Order pay disgorgement in the amount of $833,976, prejudgment interest in the amount of $119,360, and a civil monetary penalty in the amount of $350,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and 31 U.S.C. § 3717. Payment shall be: (A) made by wire transfer, United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Securities and Exchange Commission, Office of Financial Management, 100 F St., NE, Stop 6042, Washington, DC 20549; and (D) submitted under cover letter that identifies Touradji Capital as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Gerald Hodgkins, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-6109.

By the Commission.

Elizabeth M. Murphy
Secretary