UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-13553

In the Matter of
Mary Beth Stevens,
Respondent.

ADMINISTRATIVE PROCEEDING
File No. 3-13554

In the Matter of
Paul W. Oliver, Jr.,
Respondent.

PROPOSED PLAN OF DISTRIBUTION

1. Purpose and Background. This Proposed Plan of Distribution (the “Plan”) has been developed pursuant to the Securities and Exchange Commission’s (“Commission”) Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (Rel. No. IA-2903) against Paul W. Oliver, Jr. dated July 17, 2009 (the “Oliver Order”) and the Commission’s Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (Rel. No. IA-2973) against Mary Beth Stevens dated January 5, 2010 (the “Stevens Order”) (collectively, the “Orders”). The Plan provides for the distribution of the disgorgement, prejudgment interest, and civil monetary penalties provided for in the Orders to the six clients from whom investment adviser AA Capital Partners, Inc. (“AA Capital”) and its former President, John Orecchio (“Orecchio”) misappropriated more than $23 million.

The Oliver Order found that Oliver, the former chairman of AA Capital, aided and abetted the misappropriation of more than $23 million by AA Capital and Orecchio by failing to
disclose the misappropriations to AA Capital’s clients and by failing to take appropriate action to halt the misappropriations after he learned of them.

The Oliver Order found that, in the summer of 2004, Oliver first learned that Orecchio purportedly had borrowed approximately $1 million to pay taxes due to an accountant’s miscalculation of Orecchio’s personal liability for a gain in one of AA Capital’s private equity funds. The Order further found that, in March 2006, Oliver learned that Orecchio’s “tax loan” had grown to more than $5 million and that AA Capital had “borrowed” an additional $5 million in client funds to pay its operating expenses in 2005. According to the Order, these purported “loans” were in fact misappropriations of client funds, as AA Capital was not permitted to use client funds for such purposes. The Order found that, despite his knowledge, Oliver did not inform AA Capital’s clients of the misappropriations until September 2006.

As a result of this conduct, the Oliver Order directed Oliver to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-4 thereunder, suspended Oliver from associating with any investment adviser for a period of 12 months, and ordered Oliver to pay disgorgement of $49,786.44, prejudgment interest of $7,979.71 and a civil penalty of $75,000 within 350 days. Oliver consented to the issuance of the Order without admitting or denying any of the findings.

The Stevens Order found that Stevens, the former chief financial officer and chief compliance officer of AA Capital, also aided and abetted the misappropriation of more than $23 million by AA Capital and Orecchio.

The Stevens Order found that, between May 2004 and September 2006, Stevens facilitated Orecchio’s and AA Capital’s misappropriation of more than $23 million belonging to AA Capital’s clients by improperly withdrawing funds from AA Capital’s client trust accounts and transferring those funds for Orecchio’s personal benefit and to pay the firm’s operating expenses. The Order further found that Stevens falsely characterized the withdrawals in the monthly account statements she prepared and sent to AA Capital’s clients as “capital calls” for legitimate investments.

The Stevens Order also found that Stevens did not fulfill her responsibility as AA Capital’s chief financial officer to properly maintain the firm’s books and records and that Stevens’ failure to keep up-to-date books and records helped conceal Orecchio’s and AA Capital’s misappropriations from clients.

As a result of this conduct, the Stevens Order directed Stevens to cease and desist from committing or causing any violations and any future violations of Sections 204, 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 and Rules 204-2(a)(1), 204-2(a)(2), 204-2(a)(6) and 206(4)-4 thereunder, barred Stevens from associating with any investment adviser, and ordered Stevens to pay disgorgement of $79,583.50, prejudgment interest of $22,472.24, and a civil penalty of $50,000 within 350 days. Stevens consented to the issuance of the Order without admitting or denying any of the findings.

In accordance with the Orders, the Respondents paid a total of $284,821.89 in disgorgement, prejudgment interest and civil monetary penalties to the Commission between July 20, 2009 and December 29, 2010. Pursuant to the Orders, a Fair Fund was established for these funds. The assets of the Fair Fund are subject to the continuing jurisdiction and control of
the Commission. The Fair Fund is currently being held by the Commission in a non-interest bearing deposit account.

This Plan is subject to approval by the Commission, and the Commission retains jurisdiction over the implementation of the Plan.

2. Fund Administrator. Anne C. McKinley, an Assistant Regional Director in the Commission’s Division of Enforcement, is proposed to act as the administrator of the Fair Fund (the “Fund Administrator”). As a Commission employee, the Fund Administrator shall receive no compensation for her services in administering the Fair Fund other than her regular salary as a Commission employee and, in accordance with Rule 1105(c) of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. §§ 201.1100 through 201.1106, no bond is required.

The Fund Administrator will, among other things: oversee the administration of the Fair Fund, obtain accurate mailing information, prepare accountings, cooperate with the tax administrator in providing the information necessary to accomplish income tax compliance, and, as described below, distribute money from the Fair Fund in accordance with this Plan. In carrying out her duties, the Fund Administrator may be assisted by other Commission staff acting under her supervision.

3. Persons Eligible to Participate in the Fair Fund. The staff of the Commission previously identified six clients from whom AA Capital and Orecchio misappropriated funds. The Fund Administrator shall distribute the Fair Fund to these six clients who were harmed by the conduct as described in the Orders (the “Eligible Clients”).

4. No claims-made process. This Fair Fund is not being distributed according to a claims-made process, so the procedures for providing notice and for making and approving claims are not applicable.

5. Qualified Settlement Fund. The Fair Fund constitutes a Qualified Settlement Fund (“QSF”) under Section 468B(g) of the Internal Revenue Code, 26 U.S.C. §468B(g), and related regulations, 26 C.F.R. §§1.468B-1 through 1.468B-5.

6. Intentions of Distribution. The intention of the Plan is to distribute the Fair Fund to the six Eligible Clients who lost more than $23 million as a result of the conduct described in the Orders.

7. Methodology for Determining Distribution Amounts. The Fund Administrator will determine the amount to be distributed to each Eligible Client in the following manner. First, the Fund Administrator will use the forensic accounting report that was previously prepared by Huron Consulting Group in connection with the case United States Securities and Exchange Commission v. AA Capital Partners, Inc. and John Orecchio, 06-cv-4859 (N.D. Ill.) to determine each Eligible Client’s pro-rata share of losses suffered as a result of the misappropriations discussed above. The Fund Administrator will then multiply the total amount of money in the Fair Fund (less any money reserved for taxes or expenses) by each Eligible Client’s pro-rata loss percentage. This amount will represent each Eligible Client’s distribution
amount. In the view of the Fund Administrator, this methodology constitutes a fair and reasonable allocation of the Fair Fund. Based on this methodology, the anticipated distribution to each Eligible Client will range from approximately $113 to approximately $131,000.

8. **Financial Management Service; Validation and Approval of Disbursement of the Fair Fund.** The Fair Fund disbursement to the Eligible Clients will be implemented through the United States Department of the Treasury’s Financial Management Service (“FMS”), which will electronically transfer funds through the Automated Clearing House (“ACH”) or mail a check to each payee. The Fund Administrator will use the appropriate proprietary software for compiling the information necessary for the payment file to be submitted to FMS. The Fund Administrator will compile the required information and will take the necessary steps to submit the payment file by the required date to ensure payment is made on or about the scheduled distribution date. The Fund Administrator will also provide any validation of the payment file required by the distribution plan. Commission staff will notify the Fund Administrator of issues in the payment file that need correction or, if corrections are not needed, provide the Fund Administrator with a confirmation statement. The Fund Administrator will obtain approval from the Commission to disburse the funds pursuant to Rule 1101(b) of the Commission’s Rules on Fair Fund and Disgorgement Plans.

9. **Information mailing to accompany payments.** All payments shall be preceded or accompanied by a communication that includes, as appropriate: (a) a statement characterizing the distribution; (b) a statement that checks will be void after one year; and (c) the name of a person to contact, to be used in the event of any questions regarding the distribution. Distribution checks, on their face, or in the accompanying mailing, will clearly indicate that the money is being distributed from a Fair Fund established by the SEC.

10. **Tax Administrator.** The Commission has appointed Damasco & Associates as the Tax Administrator (“Tax Administrator”) of the Fair Fund (Rel. Nos. 34-61464, 34-61465 Feb. 2, 2010). The Fund Administrator will cooperate with the Tax Administrator in providing information necessary to accomplish the income tax compliance, ruling and advice work assigned to the Tax Administrator by the Commission. The Tax Administrator shall be compensated by the Fair Fund.

11. **Tax Provisions.** The Fund Administrator will ensure that all required information shall be made available to the Tax Administrator. The Fund Administrator shall use the assets and earnings, if any, of the Fair Fund to provide payments to Eligible Clients and to provide the Tax Administrator with assets to pay tax liabilities and tax compliance fees and costs.

12. **Accountings.** When all funds are disbursed through FMS and accounted for, the Fund Administrator will submit a final accounting for approval by the Commission and seek termination of the Fair Fund and discharge of the Fund Administrator.

13. **Expenses of Administration.** Fees and other expenses of administering the Plan shall be paid from the corpus.
14. **Notice of Proposed Plan and Opportunity for Comment.** Notice of this Plan shall be published in the SEC Docket and on the Commission website [http://www.sec.gov]. Any person or entity wishing to comment on the Plan must do so in writing by submitting their comments within thirty (30) days of the date of the notice (i) by sending a letter to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549-1090; (ii) by using the Commission’s Internet comment form (www.sec.gov/litigation/admin.shtml); or (iii) by sending an e-mail to rule-comments@sec.gov. Comments submitted by e-mail or via the Commission’s website should include the Administrative Proceeding File Numbers (Admin. Proc. File Nos. 3-11553 and 3-11554) in the subject line. Comments received will be available to the public. Commenters should only submit information that they wish to make publicly available.

15. **Procedures for the Receipt of Additional Funds.** It is not anticipated that the Fair Fund will receive additional funds.

16. **Disposition of Undistributed Funds.** A residual within the Fair Fund is established for any amounts remaining after all assets have been distributed. The residual may include funds reserved for future taxes and related expenses, distributions from checks that have not been cashed, from checks that were not delivered or from funds returned to the Fund Administrator, tax refunds for overpayment or for waiver of IRS penalties. All undistributed funds in the residual will be transferred to the U.S. Treasury after the final accounting is approved by the Commission.

17. **Termination of the Fair Fund.** Upon distribution of the funds, the Fund Administrator shall make arrangement for the final payment of taxes and Tax Administrator fees and shall submit a final accounting to the Commission. The Fair Fund shall be eligible for termination, and the Fund Administrator shall be discharged, after all of the following have occurred: (1) a final accounting, in an SEC standard accounting format, has been submitted by the Fund Administrator for approval of, and has been approved by, the Commission, (2) all taxes, fees and expenses have been paid, and (3) any amount remaining in the Fair Fund has been received by the Commission. When the Commission has approved the final accounting, the staff shall arrange for the transfer of any amount remaining in the Fair Fund to the U.S. Treasury, and shall seek an order from the Commission to approve the termination of the Fair Fund and discharge of the Fund Administrator.

18. **Distribution Timing.** The Fund Administrator will use her best efforts to implement the distribution plan within ninety (90) days of plan approval.

19. **Amendments and Procedural Deadline Extensions.** The Fund Administrator shall take reasonable and appropriate steps to distribute the Fair Fund according to the Plan. If a change in the plan is determined to be necessary and material, Commission approval is required prior to implementation by amending the Plan, which may be done upon a motion by any party, or by the Fund Administrator, or upon the Commission’s own motion.

For good cause shown, the Commission staff may extend any of the procedural dates set forth in this Plan.