

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3244 / July 20, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14472**

**In the Matter of**

**DALE E. ST. JEAN,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
203(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 Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Dale E. St. Jean (“Respondent” or “St. Jean”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. St. Jean, age 51, is a Canadian citizen and resides in Alberta, Canada. From April 2008 through at least May 2009, Respondent was a managing member of Bradenton, Florida-based Arcanum Equity Fund, LLC (“Arcanum”) and treasurer, vice president and a managing member of Vestium Management Group, LLC, which managed a second Florida-based hedge fund, Vestium Equity Fund, LLC (“Vestium”). The two funds, with St. Jean’s assistance, raised a total of approximately \$34 million from investors. Respondent participated in the Funds’ investment decisions, signed investment contracts on behalf of the Funds, and traded for the Funds. St. Jean was paid, in part, based on the funds’ performance.

**B. ENTRY OF THE INJUNCTION**

2. On June 30, 2011, a final judgment was entered against Respondent, permanently enjoining him from future violations of Section 10(b) of the Securities Exchange Act of 1934 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. Dale E. St. Jean, et al.*, Civil Action Number 8:10-CV-02859-JDW-MAP, in the United States District Court for the Middle District of Florida.

3. The Commission's complaint alleged that, from at least April 2008 through May 2009, in connection with the two hedge funds' sale of notes and hedge fund interests, Respondent selected or approved investments by the hedge funds that were inconsistent with the uses of proceeds specified in the funds' offering materials. In addition, Respondent was aware of or approved transfers of millions of dollars of improperly commingled investor funds to a Canadian corporation he controlled. In addition to deviating from the funds' stated uses of proceeds, these transfers created a conflict of interest between Respondent and the funds' investors. This conflict was not disclosed. In addition, Respondent received profit-based partner draws from the Arcanum fund totaling \$141,500 in 2008 and 2009 without taking any steps to determine whether the Arcanum fund, which actually had millions of dollars of losses, was profitable.

**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 hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(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 Respondent 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 Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him 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 Respondent 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, 17 C.F.R. § 360(a)(2).

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