

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3254 / July 29, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14492

In the Matter of

OTTO SAM FOLIN,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Otto Sam Folin (“Folin” 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 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to 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. Folin, age 62, is a resident of Philadelphia, Pennsylvania. Folin is the managing director, Chief Compliance Officer and 33% shareholder of Benchmark Asset Managers LLC ("Benchmark"), a registered investment adviser. Folin is the president, chief executive officer and majority owner of Harvest Managers LLC ("Harvest"), the parent company of Benchmark. From 2002 through March 2011, Benchmark and Folin provided investment advice to clients for compensation. In addition, Benchmark and Folin have raised money from investors and advisory clients by offering and selling a variety of securities. From 2004 through March 2011, Benchmark and Folin also managed and advised a group of hedge funds, known as the Safe Haven Investment Portfolios LLC ("Safe Haven Portfolios"). Almost all of the investors in the Safe Haven Portfolios were also advisory clients of Benchmark.

2. On July 21, 2011, a final judgment was entered by consent against Folin permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("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. Otto Sam Folin, et al., Civil Action Number 11-cv-4447, in the United States District Court for the Eastern District of Pennsylvania. Folin was also ordered to pay disgorgement, jointly and severally with Benchmark and Harvest, in the amount of \$8,706,620, plus prejudgment interest thereon in the amount of \$1,454,177, and a civil penalty of \$150,000.

3. The Commission's complaint alleged, among other things, that Folin, Benchmark and Harvest made material misrepresentations and omissions in connection with the offer, purchase and sale of various securities in Benchmark and Harvest to advisory clients, noteholders and the Safe Haven Portfolios. Specifically, the Complaint alleges that Benchmark and Folin made misrepresentations and omissions regarding Safe Haven Portfolios' loans to Harvest and Benchmark and certain development costs the Safe Haven Portfolios paid to Harvest and Benchmark. The Complaint further alleges Benchmark and Folin improperly valued the Safe Haven Portfolios loans to Harvest and Benchmark at cost, rather than at fair value, as required by relevant offering documents. As a result, the Complaint alleges, Benchmark and Folin provided investors with misleading account statements that reflected the loans at inflated values. The Complaint also alleged that Folin and Benchmark did not disclose Benchmark's precarious financial condition.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Folin be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, transfer agent, municipal advisor, or nationally recognized statistical ratings organization.

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.

By the Commission.

Elizabeth M. Murphy
Secretary