

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

INVESTMENT ADVISERS ACT OF 1940
Release No. 3257 / August 3, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14499

In the Matter of

**FRANCISCO
ILLARRAMENDI,**

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 Francisco Illarramendi (“Illarramendi” 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. From 2005 to 2010, Illarramendi was a co-owner and associated person of Highview Point Partners, LLC, a Stamford, Connecticut-based investment adviser registered with the Commission. From 2006 to 2011, Illarramendi was a majority owner of Michael Kenwood Capital Management, LLC, an unregistered investment adviser located in Stamford, Connecticut. Through both Highview Point Partners and Michael Kenwood Capital Management, Illarramendi advised several hedge funds. Illarramendi, 42 years old, is a resident of New Canaan, Connecticut.

2. On March 7, 2011, Illarramendi pled guilty to two counts of wire fraud, one count of securities fraud, one count of investment adviser fraud and one count of conspiracy to obstruct justice in violation of Title 18 United States Code, Sections 1343 and 1512 (wire fraud, conspiracy), Title 15 United States Code Section 78j(b), Title 17 Code of Federal Regulations, Section 240.10b-5 (securities fraud), Title 15 United States Code, Section 80b-6 and 80b-17 (investment adviser fraud) before the United States District Court for the District of Connecticut, in United States v. Francisco Illarramendi, Crim. Information No. 3:11 Cr. 41 (SRU).

3. The counts of the criminal information to which Illarramendi pled guilty alleged, *inter alia*, that Illarramendi used money provided by new investors to the hedge funds he advised to pay out the returns he promised to earlier investors, created fraudulent and misleading documents related to the hedge funds' assets, made false representations to investors in an effort to obtain new investments and to prevent them from seeking to liquidate their investments, improperly commingled the investments in each individual hedge fund with investments in the other hedge funds, and engaged in transactions that were not in the best interests of the hedge funds.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Illarramendi be, and hereby is, barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating 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