UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3319 / November 21, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14635

In the Matter of
OLIVER R. GRACE, JR.
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
Oliver R. Grace, Jr. ("Grace" 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. Grace, during the relevant time period, was the co-owner of Drake Asset Management, LLC (“DAM”), which served as the investment adviser to two hedge funds, Drake Associates, L.P. (“Drake”) and Diversified Long-Term Growth Fund, L.P. (“Diversified”). DAM was not registered with the Commission. Grace, 57 years old, is a resident of Hobe Sound, Florida.

2. On November 7, 2011, a final judgment was entered by consent against Grace, permanently enjoining him from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Drake Asset Management, LLC and Oliver R. Grace, Jr., Civil Action Number 11-01905, in the United States District Court for the District of Columbia.

3. The Commission’s complaint, the allegations of which Grace neither admits nor denies, alleges that from 2003 to 2007, Grace employed a scheme to evade the group purchase limits in seven bank mutual-to-stock conversion offerings. The complaint alleges that Grace knowingly or recklessly failed to disclose on stock order forms his association with certain entities, including Drake and Diversified, which participated in five of the conversion offerings alongside Grace. The complaint also alleges that DAM, under Grace’s oversight and supervision, knowingly or recklessly failed to disclose on Drake’s and Diversified’s stock order forms their association with Grace. The complaint further alleges that Grace arranged for his associated entities to use addresses or signatories on order forms that would prevent converting banks from associating those orders with Grace. By failing to disclose these entities, Grace was able to acquire stock that exceeded the conversion offerings’ purchase limits, in violation of offering terms and banking regulations.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Grace be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal adviser, transfer agent, or nationally recognized statistical rating organization, with the right to reapply for reentry after three (3) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

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