

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 67643 / August 13, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14980

In the Matter of

STEPHEN M. STRAUSS,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Stephen M. Strauss (“Respondent” or “Strauss”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Strauss, 59, and a resident of Southaven, Mississippi, was chairman and CEO of Chilmark Entertainment Group, Inc. (“Chilmark”) from 2002 until early 2007. Strauss has been a “direct/indirect” owner of Malory Investments, LLC, a broker-dealer, from January 2001 until at least August 2008. While Strauss was affiliated with the company, Chilmark had no employees, only one independent contractor and never generated any income. In 2006, Strauss and his family members owned 9% of the total shares of Chilmark outstanding.

B. ENTRY OF THE INJUNCTION

2. On February 13, 2012, a final judgment was entered against Strauss, permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Stephen M. Strauss,

Civil Action Number 2:08-CV-206, in the United States District Court for the Northern District of Mississippi.

3. The Commission's complaint alleged that, in November and December 2006, Strauss, the CEO of Chilmark, issued a series of press releases in rapid succession that misrepresented that Chilmark or its successor company, Integrated Bio-Energy Resources, Inc. ("Integrated"), was on the verge of manufacturing biofuel from palm oil. In truth, when Strauss issued these press releases, neither Chilmark nor Integrated had secured any funding, purchased the land to build a refinery, or begun building the refinery to manufacture the biofuel. The six press releases dramatically inflated the trading volume and the price for Chilmark shares. In the three months prior to these press releases, the trading volume for Chilmark's shares averaged approximately 13,600 per day and the price never closed above \$0.01 per share. In November and December 2006, the average daily trading volume jumped almost 20-fold, to 267,000 shares and the price closed as high as \$0.22 per share. The complaint further alleged that Strauss was responsible for drafting and distributing the press releases.

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 15(b) of the Exchange 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.

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