

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 68059 / October 16, 2012

INVESTMENT ADVISERS ACT OF 1940
Release No. 3489 / October 16, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15068

In the Matter of

**LARRY MICHAEL
PARRISH,**

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Larry Michael Parrish (“Respondent” or “Parrish”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Parrish, age 48, is a resident of Walkersville, Maryland. During the time period in which he engaged in the conduct underlying the complaint described below, Parrish was the President and sole Director of IV Capital, Ltd. (“IV Capital”). Neither Parrish nor IV Capital is or ever was registered with the Commission as a broker or dealer or investment adviser, and have

never have been associated with a broker or dealer or investment adviser registered with the Commission.

B. ENTRY OF THE INJUNCTION

2. On September 25, 2012, the United States District Court for the District of Colorado entered an order permanently enjoining Respondent from future violations of Sections 5 and 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), (2), and (4) of Advisers Act and Rule 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. Larry Michael Parrish, Civil Action Number 11-cv-00558-WJM-MJW. Also on September 25, 2012, the United States District Court entered a default judgment against Parrish for violating Sections 5 and 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), (2), and (4) of Advisers Act and Rule 206(4)-8 thereunder.

3. The Commission’s complaint alleged that during the period beginning in 2005 and continuing into 2010, Parrish operated a Ponzi scheme that raised about \$9.2 million from at least 70 investors in 3 states. Parrish guaranteed 30% annual returns and told investors that the securities were “extremely low risk” because investor funds would be placed safely in escrow and used to secure a line of credit that would be used for the trading program. Parrish’s claims were false: Parrish’s early investors were paid the returns he guaranteed, and about \$5 million in total “profit” payments were made to investors. But all or nearly all of these payments were from investor deposits, not profitable trading. Parrish also misappropriated at least \$780,000 from investors for his personal benefit. No investor funds remain.

4. The September 25, 2012 order of the District Court included the following findings of fact: Parrish operated a Ponzi scheme that raised about \$9.2 million from at least 70 investors in 3 states, including Colorado, since 2005 from the sale of unregistered securities. Parrish lured investors by guaranteeing 30% annual returns and claiming that the securities were “extremely low risk.” In reality, these claims were fiction: Parrish’s early investors were initially paid the exorbitant returns he guaranteed-about \$5 million in total “profit” payments-but those payments were from investor deposits, not profitable trading. Parrish misappropriated at least \$780,000 from investors for his personal benefit, including cash, luxury vacations, and other extravagances. Parrish intentionally deceived investors into buying Ponzi-scheme securities through misrepresentations and omissions of material fact. He lied by claiming that the securities would pay high rates of return based on low risk, profitable trades. The investment offered and sold by Parrish was an investment contract and thus a “security” within the meaning of federal securities laws. Parrish never disclosed to investors that their “profit” payments were actually just payments made from other investors’ funds, making the investment a Ponzi scheme. And Parrish made false lulling statements after he was unable to make Ponzi payments. He directly solicited investors himself and indirectly solicited investors by using brokers and finders to whom he paid transaction-based compensation. No registration statement was filed or in effect with the SEC in connection with these offerings and no exemption applied. In 2007, Parrish consented to the entry of an administrative order barring him from associating with any broker-dealer. Despite the bar, Parrish acted as a broker by offering and selling securities, participating in securities transactions, and

engaging in the business of effecting transactions in securities for the accounts of others. Parrish pooled the funds invested in his Ponzi scheme and transferred the comingled funds to brokerage accounts for trading. He provided investment advice for compensation with respect to securities, and recommended that investors purchase the securities he offered and sold. Parrish used the means of interstate commerce and the mails to solicit investors and send offering materials, contracts, information, and checks to investors. In total, he received at least \$4,139,858 in ill-gotten gains from his fraudulent and unregistered sales of investment contracts.

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 and 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.

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