

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3389 / April 3, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14833

In the Matter of

**LOCUST OFFSHORE
MANAGEMENT, LLC,**

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
203(e) 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 203(e) of the Investment Advisers Act of 1940 (“Advisers Act”) against Locust Offshore Management, LLC (“Respondent” or “Locust”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Respondent is an investment advisory firm incorporated in Delaware with a primary place of business in Cambridge, Massachusetts. From at least June 2011 until October 2011, Andrey C. Hicks (“Hicks”) served as the Respondent’s principal, Partner, Managing Director, and Chief Executive Officer. Locust is not registered with the Commission.

B. ENTRY OF THE INJUNCTION

2. On March 20, 2012, a final judgment was entered against Locust, permanently enjoining it from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. Andrey C. Hicks and Locust Offshore Management, LLC, as Defendants, and Locust Offshore Fund, Ltd., as Relief Defendant, Civil Action No. 1:11-CV-11888-RGS, in the United States District Court for the District of Massachusetts.

3. The Commission's complaint alleged that, from at least June 2011 until October 2011, Locust and Hicks engaged in a fraudulent scheme to defraud investors by making numerous misrepresentations when soliciting individuals to invest in a non-existent pooled investment fund called Locust Offshore Fund, Ltd. Locust was purportedly the sole manager of Locust Offshore Fund. The complaint alleged that Locust and Hicks made a number of materially false and misleading statements about the educational and professional background of Hicks; the existence of Locust Offshore Fund as a legitimate company incorporated under the laws of the British Virgin Islands; and the existence of a purported auditor, prime broker, and custodian for Locust Offshore Fund. By making these representations and creating other indicia of legitimacy, including an offering memorandum and a website publishing year-to-date returns and other false information for the fictional Locust Offshore Fund, the complaint alleged that Locust and Hicks obtained at least \$1.7 million from 10 investors, transferred substantially all of these funds to Hicks' personal bank accounts, and misappropriated at least a portion of these funds for Hicks' personal expenses.

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;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(e) of the Advisers Act; and

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