

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3471 / September 19, 2012**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15035**

**In the Matter of**

**James F. Turner II,**

**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 James F. Turner II (“Turner” 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, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and 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. Turner was the Chief Investment Officer and a shareholder of Clay Capital Management, LLC (“Clay Capital”), an unregistered investment adviser based in Summit, New Jersey. From January 2007 to December 2010, Clay Capital managed a hedge fund called the Clay Capital Fund, LP (“Clay Fund”). Turner, 45 years old, is a resident of Traverse City, Michigan.

2. On August 29, 2012, a final judgment was entered by consent against Turner, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Sections 10(b) and 14(e) of the Securities Exchange Act of 1934 and Rules 10b-5 and 14e-3 thereunder in the civil action entitled Securities and Exchange Commission v. Clay Capital Management, LLC, et al., Civil Action Number 2:11-cv-05020, in the United States District Court for the District of New Jersey.

3. The Commission’s complaint alleges that Turner engaged in insider trading in the securities of Autodesk, Inc. (“Autodesk”), Moldflow Corporation (“Moldflow”), and Salesforce.com, Inc. (“Salesforce”). The Commission’s complaint also alleges that Turner obtained material nonpublic information from his brother-in-law, an Autodesk employee, about Autodesk’s earnings in advance of Autodesk’s public earnings announcement in February 2008 and about Autodesk’s planned acquisition of Moldflow ahead of the public merger announcement in May 2008. The Commission’s complaint further alleges that Turner obtained material nonpublic information about Salesforce’s earnings from his close friend, a Salesforce employee, in advance of Salesforce’s public earnings announcement in February 2008. The Commission’s complaint alleges that Turner traded on the basis of the material nonpublic information for the Clay Fund’s accounts, his personal accounts and his family members’ accounts, and that Turner also recommended that other friends and family members trade the same securities. The Commission’s complaint also alleges that, in total, the illicit trading generated gains of nearly \$3.9 million.

4. On December 19, 2011, Turner pled guilty to securities fraud in violation of Title 15 United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5, before the United States District Court for the District of New Jersey, in United States v. James Turner, Crim. No. 2:11-cr-00868. On April 16, 2012, a judgment in the criminal case was entered against Turner. He was sentenced to a prison term of twelve months followed by three years of supervised release and ordered to pay a fine in the amount of \$25,000.

5. In connection with his guilty plea, Turner admitted the facts set out in the transcript of his plea allocution that is attached as Exhibit A to the Offer.

#### IV.

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

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

barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent.

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