

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9442 / August 16, 2013

SECURITIES EXCHANGE ACT OF 1934
Release No. 70223 / August 16, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3651 / August 16, 2013

INVESTMENT COMPANY ACT OF 1940
Release No. 30651 / August 16, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15429

In the Matter of

North East Capital, LLC
and Anthony T. Vicidomine

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTION 21C
OF THE SECURITIES EXCHANGE ACT OF
1934, SECTIONS 203(f) AND 203(k) OF THE
INVESTMENT ADVISERS ACT OF 1940,
AND SECTION 9(b) OF THE INVESTMENT
COMPANY ACT OF 1940, MAKING
FINDINGS, AND IMPOSING REMEDIAL
SANCTIONS AND A CEASE-AND-DESIST
ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted against North East Capital, LLC (“North East”) and Anthony T. Vicidomine (“Vicidomine”) (collectively, “Respondents”), pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) as to Vicidomine, and pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, Section 203(k) of the Advisers Act and Section 9(b) of the Investment Company Act as to North East.

II.

In anticipation of the institution of these proceedings, Respondents have 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 them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offer, the Commission finds that:

Summary

These proceedings arise from Vicidomine’s receipt of unauthorized fees from the North East Capital Fund LP (the “Fund”), a pooled investment vehicle that Vicidomine created and offered to investors through North East Capital, LLC (“North East”), an unregistered investment adviser that he owned and controlled. From November 2011 through March 2012, Vicidomine misappropriated \$189,415 of the Fund’s assets in the form of unearned “incentive fees” and used the money to pay his own personal expenses and to finance his business ventures. In addition, Vicidomine and North East made false statements to current and prospective investors in connection with the offer and sale of limited partnership interests in the Fund, including misrepresentations about Vicidomine’s own investment in the Fund, his use of procedures to mitigate investors’ risk of loss, and an independent audit of the Fund.

Respondents

1. Anthony T. Vicidomine (“Vicidomine”), age 34, resides in Staten Island, New York. He is the founder of North East, an unregistered investment adviser, and the Fund, a pooled investment vehicle. North East is the general partner of and investment adviser to the Fund, and Vicidomine is North East’s sole principal and control person.

2. North East Capital, LLC (“North East”) is a Delaware limited liability corporation that Vicidomine formed in February 2011. North East’s principal place of business is in New York, New York. North East is an unregistered investment adviser and general partner of the Fund. Vicidomine is North East’s sole principal and control person.

Other Relevant Entity

3. North East Capital Fund LP (“Fund”) is a Delaware limited partnership formed by Vicidomine in February 2011 with its principal place of business in New York, New York. The Fund is not registered with the Commission or associated with any entity registered with the Commission. The Fund ceased accepting investments in June 2012 and is no longer active.

Background

4. Beginning in March 2011 and continuing through May 2012, Vicidomine, through North East, solicited at least 19 investors, including his relatives and friends, as well as acquaintances of his friends, to invest in the Fund. He met with each investor in person, orally described the Fund, and provided each investor with the Fund’s Private Offering Memorandum (“Offering Memo”) and subscription agreements. Vicidomine signed subscription agreements on behalf of North East to accept purchases of limited partnership interests in the Fund. In April 2012, Vicidomine solicited an additional \$320,000 in investments from existing Fund investors, including \$120,000 from a close family member on April 4, 2012. The close family member also made an additional \$90,000 payment to the Fund in April 2012, which represented reimbursement to the Fund of certain excessive fees withdrawn by Vicidomine rather than a follow-on investment in the Fund. In total, Vicidomine succeeded in raising \$1,900,000 from his friends and family, including \$919,000 from the close family member, who was the Fund’s largest investor. The close family member fully redeemed his interest in the Fund between approximately August 2011 and June 2012.

5. No registration statement was on file with the Commission or in effect as to the limited partnership interests in the Fund. At least several of the purchasers of interests in the Fund were unsophisticated and/or unaccredited, and several investors did not have a pre-existing relationship with Vicidomine. In addition, Vicidomine and North East did not provide investors audited financial information concerning the Fund.

Vicidomine’s Misappropriation of Fund Assets and Misrepresentations Made by Vicidomine and North East

6. The Fund’s Offering Memo stated that the Fund’s general partner was entitled to 50% of the Fund’s net profits at the end of every three-month period following the first capital contribution to the Fund and then on a quarterly basis as of December 31, 2011.

7. The Offering Memo further stated that this 50% “Incentive Allocation” would be calculated separately for each capital contribution from each limited partner. However, neither Vicidomine nor anyone else at North East followed such procedures when calculating the allowable Incentive Allocation.

8. The amount Vicidomine took in incentive fees exceeded the amount to which he was entitled. Beginning in June 2011, Vicidomine made numerous withdrawals from

the Fund's bank account each month rather than one allocation payment every three months, as was represented in the Offering Memo. Vicidomine disbursed these funds directly into his own personal account, to his other business ventures, or to North East to pay his personal expenses. In this manner, Vicidomine misappropriated a total of \$189,415 from the Fund.

9. Vicidomine and North East misrepresented to prospective Fund investors that Vicidomine would invest his own money in the Fund. Specifically, the Fund's Offering Memo represented that Vicidomine would "make an initial investment in the Partnership of \$500,000." Vicidomine never invested any of his own money in the Fund.

10. Vicidomine and North East made misrepresentations to current and prospective investors concerning the safety of their investments in the Fund. The Fund's Offering Memo represented that the Fund would "utilize trading strategies that circumvent risk and maximize returns despite general market conditions." It further disclosed that the Fund would invest "mainly in large cap multi-national corporations" and would limit its risk exposure by "following strict investment guidelines and utilizing an assortment of mathematical models... monitored by experienced personnel." Vicidomine also orally represented to certain Fund investors that he would prevent stock losses in after-hours trading by "closing-out" (or selling) all of his positions at the end of each trading day.

11. Contrary to his and North East's representations, Vicidomine often caused the Fund to carry investments for longer than a day or, in the case of two large positions, for months. The Fund did not employ mathematical models, and no one monitored Vicidomine's trading on behalf of the Fund to ensure compliance with Fund guidelines.

12. The Fund's Offering Memo further represented that the Fund would undergo an annual audit conducted by an independent auditor. No such audit was performed.

Violations

13. As a result of the conduct described above, Respondents violated Section 5 of the Securities Act, which prohibits any person from selling a security through interstate commerce "[u]nless a registration statement is in effect as to [such] security," or from offering to sell or offering to buy a security "unless a registration statement has been filed as to such security."

14. As a result of the conduct described above, Respondents willfully violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

15. As a result of the conduct described above, Respondents willfully violated Sections 206(1) and 206(2) of the Advisers Act, which prohibit fraudulent and deceptive conduct by an investment adviser with respect to any client or prospective client, and Section 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder, which prohibit making an untrue

statement of a material fact or omitting any material fact to any investor or prospective investor in a pooled investment vehicle and engaging in any act, practice, or course of business that is fraudulent or deceptive with respect to any investor or prospective investor in the pooled investment vehicle.

Undertaking

Respondents have undertaken to:

16. For a period of five years from the date of this Order, Respondents shall not engage in or participate in any unregistered offering of securities conducted in reliance on Rule 506 of Regulation D (17 C.F.R. § 230.506), including by occupying any position with, ownership of, or relationship to the issuer enumerated in 17 C.F.R. § 230.506(d)(1) (“Bad Actor’ disqualification”).

In determining whether to accept the Offer, the Commission has considered this undertaking.

IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, and for the protection of investors to impose the sanctions agreed to in Respondents’ Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, Sections 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondents cease and desist from committing or causing directly or indirectly any violations and any future violations of Sections 5 and 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2), 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder.

B. Respondent Vicidomine be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter;

with the right to apply for reentry after five (5) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

C. Any reapplication for association by Respondent Vicidomine 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 Respondents, 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.

D. Respondents shall, within 3 days of the entry of this Order, pay disgorgement of \$189,415, prejudgment interest of \$6,717.04, and a civil money penalty of \$150,000, for which Respondents are jointly and severally liable, to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and 31 U.S.C. 3717. Payment must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Vicidomine and North East as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Marshall Sprung, Co-Chief, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 5670 Wilshire Blvd., Los Angeles, CA 90036.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, interest and penalties referenced in paragraph D above. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If

the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Elizabeth M. Murphy
Secretary