

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9446 / August 30, 2013

SECURITIES EXCHANGE ACT OF 1934
Release No. 70292 / August 30, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3658 / August 30, 2013

INVESTMENT COMPANY ACT OF 1940
Release No. 30682 / August 30, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15446

In the Matter of

**J.S. OLIVER CAPITAL
MANAGEMENT, L.P.,
IAN O. MAUSNER, AND
DOUGLAS F. DRENNAN**

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(e), 203(f) AND 203(k)
OF THE INVESTMENT ADVISERS
ACT OF 1940, AND SECTION 9(b) OF
THE INVESTMENT COMPANY 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 and cease-and-desist proceedings be, and hereby are, instituted 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(e), 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”) against J.S. Oliver Capital Management, L.P. (“JS Oliver”), Ian O. Mausner (“Mausner”), and Douglas F. Drennan (“Drennan”) (collectively, “Respondents”).

II.

After an investigation, the Division of Enforcement alleges that:

A. SUMMARY

1. This proceeding involves misconduct by JS Oliver, a registered investment adviser, and its founder, president, head portfolio manager, and control person, Mausner, for engaging in two distinct schemes: fraudulent trade allocation by “cherry-picking” favorable trades for JS Oliver’s affiliated hedge fund clients to the detriment of other, unfavored client accounts, and misusing client commission credits called “soft dollars.” Drennan, a purported outside research analyst for JS Oliver, participated in and substantially assisted with some of the misconduct concerning the misuse of soft dollars.

2. From June 2008 to November 2009, JS Oliver and Mausner disproportionately allocated favorable trades to six client accounts, including four affiliated hedge funds, ultimately harming three unfavored clients by approximately \$10.7 million. Mausner financially benefitted from the cherry-picking scheme because he and his family were personally invested in the hedge funds, and he earned additional fees from one of the hedge funds based on the boost in its performance as a result of the cherry-picking.

3. From January 2009 through November 2011, JS Oliver and Mausner used over \$1.1 million in soft dollar credits in a manner not disclosed to clients. Soft dollar credits arise from the client commission arrangement between an investment adviser and the broker-dealer that handles the trades for the adviser. Generally, a client’s investment assets are used to pay additional commissions – called “soft dollar credits” – that the broker-dealer sets aside as payment for legitimate research and brokerage expenses of the adviser. The Respondents’ misuse of these soft dollar credits included: (1) \$329,265 paid to Mausner’s ex-wife for amounts due pursuant to a divorce agreement; (2) \$300,000 in grossly inflated “rent” paid to a company Mausner owned, the majority of which was funneled directly to Mausner’s personal bank account; (3) approximately \$480,000 paid to Drennan’s company, Powerhouse Capital, Inc. (“Powerhouse Capital”), for purported outside research and analysis performed by Drennan, who was actually a JS Oliver employee; and (4) nearly \$40,000 in payments for fees on Mausner’s personal timeshare in New York, New York. Drennan participated in and substantially assisted with some of this misconduct by submitting false information to support the misuse of some of the soft dollar credits, and approving some of the improper payments. Drennan also financially benefitted through improper soft dollar credits paid to Powerhouse Capital.

B. RESPONDENTS

4. **JS Oliver** is a California limited partnership with its principal place of business in San Diego, California. JS Oliver registered with the Commission as an investment adviser in 2004 and has approximately \$115 million in assets under

management. JS Oliver provides investment advice to separate client accounts and is the investment manager of four affiliated hedge funds: J.S. Oliver Investment Partners I, L.P.; J.S. Oliver Offshore Investments, Ltd.; J.S. Oliver Investment Partners II, L.P. (collectively referred to as “JS Partner Funds”); and J.S. Oliver Concentrated Growth Fund (“CGF” and with JS Partner Funds, “JS Oliver Funds”).

5. **Mausner** is JS Oliver’s founder, president, head portfolio manager, and sole control person. At all relevant times, Mausner was responsible for the management of JS Oliver’s business. He was the chief compliance officer of JS Oliver from June 2008 through June 2011. Mausner held securities license series 3, 5, 15, 17, 24, 63 and 65, and from 1985 through 2004 was a registered representative with several registered broker-dealers.

6. **Drennan** has been a portfolio manager and the chief compliance officer of JS Oliver since June 2011. From February 2009 to June 2011, Drennan was the sole owner and employee of Powerhouse Capital, a purported independent analyst providing research and analysis to JS Oliver. From January 2004 to May 2008, Drennan was an employee of JS Oliver, working as a portfolio manager and research analyst.

C. OTHER RELEVANT ENTITY

7. **Powerhouse Capital, Inc.** was a California corporation formed in 2009, with its principal place of business in San Diego, California. Drennan formed Powerhouse Capital as a purported research consulting firm, and he acted as the president, vice president, and chief financial officer of the company, while Drennan’s wife served as secretary. Powerhouse Capital had no other employees and JS Oliver was its only client.

D. FACTUAL BACKGROUND

1. JS Oliver and Mausner Engaged in a Fraudulent Cherry-Picking Scheme Causing Approximately \$10.7 Million in Harm to Three Clients

8. From at least June 2008 through November 2009, JS Oliver and Mausner disproportionately allocated profitable equity trades (including buys and sells) to six client accounts to the detriment of three clients. The favored accounts in the cherry-picking scheme included the JS Oliver Funds. JS Oliver’s clients who were disfavored in the cherry-picking scheme were a widowed client (“Client A”), a profit sharing plan (“Client B”), and a charitable foundation (“Client C”).

9. In perpetrating the cherry-picking scheme, Mausner made block trades in omnibus accounts at various broker-dealers. The block trades were reported to JS Oliver’s prime broker and then Mausner allocated the shares among the client accounts through the prime broker’s online platform. Mausner often delayed allocating trades until after the close of trading or the following day, allowing him to determine which securities had appreciated or declined in value.

10. Mausner's cherry-picking strategy was two-fold. His primary methodology was to allocate disproportionately to the favored accounts the trades that increased in value during the day, and allocate to the disfavored accounts the trades that decreased in value during the day. In addition, when there were multiple trades in a single security over the course of the day, Mausner allocated the most favorably priced trades to the favored accounts.

11. By disproportionately allocating the more favorable trades to the favored accounts through this cherry-picking scheme, Mausner inflicted approximately \$10.7 million in total harm on Clients A, B and C.

12. Mausner formed CGF in June 2008 and relied on the profits generated by his cherry-picking scheme to boost CGF's performance. He then marketed by mass emails to current and prospective investors CGF's positive monthly returns and made a "strong" recommendation for investments in CGF. For example, in a November 2008 email, Mausner touted that CGF had gained almost 13% when the S&P declined almost 17% during the same period.

13. JS Oliver and Mausner profited at their clients' expense from the cherry-picking scheme. Mausner and his family were investors in some of the JS Oliver Funds that were the favored accounts. For CGF in particular, as of December 31, 2008, the aggregate value of Mausner's and his related-party entities' investments accounted for \$1.4 million of the \$7.9 million invested in CGF. In addition, for 2008, CGF paid JS Oliver over \$212,000 in performance fees.

14. JS Oliver's trade allocation practices were contrary to its representations to clients and its written policies and procedures. JS Oliver's client agreements provided that it would treat clients fairly when allocating investment opportunities among clients, specifically stating that JS Oliver did not have an "obligation to purchase or sell for the [client's account] . . . any security that [JS Oliver] . . . may purchase or sell for themselves or for any other clients, so long as it is the Manager's policy and practice, to the extent practicable, to allocate investment opportunities to [the client account] over time on a fair and equitable basis relative to other clients of the Manager." Specifically, JS Oliver's written policies and procedures provided that allocations among client accounts would be completed "in a manner that is fair and equitable to all clients, generally meaning in proportion to account assets or targeted percentage levels"

2. JS Oliver and Mausner Engaged in a Fraudulent Soft Dollar Scheme with Drennan's Knowledge and Substantial Assistance

15. From January 2009 through November 2011, JS Oliver misused over \$1.1 million in soft dollar credits that were accrued from trading commissions paid by JS Oliver clients. JS Oliver accumulated and used soft dollar credits primarily at a single broker-dealer (the "Soft-Dollar Broker") through equity and options trading for client accounts, including the JS Oliver Funds and some of its individual client accounts, including Clients A, B and C discussed above.

16. Under its soft dollar arrangement with JS Oliver, the Soft-Dollar Broker agreed to give JS Oliver a soft dollar credit of typically \$0.0225 for every \$0.03 of brokerage commissions generated per share by JS Oliver clients' equity trades; soft dollar credits for option trades varied. The trading (which included both buying and selling securities) that generated the soft dollar credits at issue was conducted on behalf of the JS Oliver Funds and some of its separately managed client accounts. JS Oliver, through the Soft-Dollar Broker, used soft dollar credits for expenses that fell both within and outside the safe harbor provided in Section 28(e) of the Exchange Act for the use of commission credits for certain research and brokerage expenses.

17. JS Oliver disclosed allowable uses of soft dollar credits in its Form ADV and in the offering memoranda for the JS Oliver Funds. Each of these documents had language disclosing that soft dollars may be used for research and brokerage payments under Section 28(e). The Form ADV, Part II, Items 12 and 13, filed March 30, 2007 and March 3, 2009 ("Forms ADV, Part II"), and the offering memoranda contained additional soft dollar disclosures as follows.

- The Form ADV (which JS Oliver offered and/or provided to clients and prospective clients), filed March 30, 2007, provided that soft dollars may be used for "expenses of and travel to professional and industry conferences and hardware and software used in the General Partner's administrative activities ... [and] may even include such 'overhead' expenses as telephone charges, legal and accounting expenses of the Investment Manager or General Partner and office services, equipment and supplies." In its Form ADV, Part II, filed March 3, 2009, JS Oliver amended this disclosure to reflect that it may use soft dollars earned from trading in the hedge funds, with no disclosure provided for the use of soft dollars generated from trading in its separately managed clients' accounts. JS Oliver did not change any language concerning the allowed uses of soft dollars to include additional permissible uses for soft dollars consistent with how it was actually using soft dollars.
- For the JS Partner Funds, the disclosures in the offering memoranda provided that soft dollars may be used for "expenses of and travel to professional and industry conferences and hardware and software used in the General Partner's administrative activities ... [and] may even include such 'overhead' expenses as telephone charges, legal and accounting expenses of the Investment Manager or General Partner and office services, equipment and supplies."
- For CGF, the disclosures in the offering memorandum provided, in relevant part, that soft dollars may be used for "evaluating potential investment opportunities (including travel, meals and lodging related to such evaluation) ... and may even include such 'overhead' expenses as office rent, salaries, benefits and other compensation of employees or of consultants to the Investment Manager"

18. JS Oliver, through Drennan, provided the Soft-Dollar Broker's soft dollar department only with the CGF offering memorandum to support requests for

reimbursement and payments using soft dollar credits, even though JS Oliver also earned soft-dollar credits through the trades of individual clients and the JS Partners Funds.

a. JS Oliver and Mausner Used Soft Dollars To Pay Mausner's Personal Obligation to His Ex-Wife Pursuant to a Divorce Agreement

19. In May 2009, JS Oliver requested that the Soft-Dollar Broker reimburse JS Oliver \$329,365 using soft dollar credits for a payment to Mausner's ex-wife based on Mausner's misrepresentations that the payment was employee compensation. In reality, JS Oliver paid the funds to Mausner's ex-wife pursuant to the Mausners' divorce agreement.

20. When requesting the reimbursement from the Soft-Dollar Broker using soft dollar credits for JS Oliver's payment to Mausner's ex-wife, Mausner misrepresented the nature of the payment. Among other things, Mausner sent an email to the Soft-Dollar Broker (drafted by Drennan with Mausner's guidance) misrepresenting that he intended to keep his ex-wife on JS Oliver's payroll and that she had remained an employee of JS Oliver since 2005. These statements were false. In particular, Mausner's ex-wife was not under any obligation to perform work for JS Oliver as of December 31, 2006 and, in fact, she did not do any work at JS Oliver in exchange for the payment.

21. Mausner also emailed to the Soft-Dollar Broker a document on JS Oliver's letterhead with an excerpt from a purported contract between JS Oliver and Mausner's ex-wife. Before sending the document, however, Mausner instructed Drennan to materially alter the language to hide that the payout was Mausner's personal obligation. These alterations included misrepresenting that the excerpt was from a contract between JS Oliver and Mausner's ex-wife when the excerpt came from the Mausners' divorce agreement. Mausner also instructed Drennan to delete from the excerpt items covered by the \$329,365 lump sum payment that were clearly personal in nature, including the Mausners' country club membership, nanny, weekly housekeeper, and the ex-wife's assistant. In June 2009, the Soft-Dollar Broker reimbursed JS Oliver the \$329,365 using soft dollar credits.

22. Drennan drafted the excerpt as instructed by Mausner, even though Drennan knew that the changes Mausner instructed him to make were false and that the excerpt was to be provided to the Soft-Dollar Broker to support the \$329,365 payment to Mausner's ex-wife.

23. JS Oliver and Mausner did not disclose in the March 3, 2009 Form ADV, Part II, Items 12 and 13, and JS Oliver Funds' offering memoranda that they would use soft dollar credits to pay Mausner's ex-wife pursuant to the Mausners' divorce agreement.

b. JS Oliver and Mausner Used Soft Dollars to Pay Inflated Rent Payments to a Company Mausner Owned

24. JS Oliver used a portion of Mausner's personal residence to conduct its business. Through February 2009, JS Oliver paid \$6,000 in rent to a company Mausner owned, which in turn paid approximately \$5,445 to the bank for the monthly mortgage payment. Mausner controlled the amount of the rent charged to JS Oliver. Beginning in January 2009, JS Oliver requested that the Soft-Dollar Broker use soft dollars to pay JS Oliver's rent.

25. Once the Soft-Dollar Broker started paying the rent in early 2009, JS Oliver claimed that the monthly rent was \$10,000. Then, in July 2009, JS Oliver instructed the Soft-Dollar Broker to pay \$15,000 per month in rent using soft dollars. Thus, in a span of only a few months, Mausner increased the rent from \$6,000 to \$15,000 – a 150% increase.

26. Mausner had no basis to increase JS Oliver's rent other than to personally enrich himself. Beginning in May 2009, Mausner transferred the amount in excess of the mortgage payment from his company's bank account to his personal bank account.

27. In 2009 and 2010, the Soft-Dollar Broker paid Mausner's company a total of \$300,000 in rent payments using JS Oliver's soft dollar credits, of which Mausner received over \$200,000. Drennan approved the payment of some of the rent invoices on the Soft-Dollar Broker's online system.

28. The disclosures in the Forms ADV, Part II, and JS Partner Funds' offering memoranda did not provide that JS Oliver could use soft dollars to pay rent. A reasonable client or investor would not have known that JS Oliver would pay rent on a property that Mausner also used for personal purposes, paid inflated rent on that personal property, and that the principal could divert soft dollars for his personal use.

c. JS Oliver and Mausner Used Soft Dollars To Pay Drennan Improperly Through His Company, Powerhouse Capital

29. In 2009 and 2010, JS Oliver used soft dollar credits to pay Drennan approximately \$480,000 for purported research pursuant to the safe harbor of Section 28(e) of the Exchange Act. JS Oliver misrepresented to two soft dollar brokers that Powerhouse Capital was an outside research firm that provided research analysis to JS Oliver. Drennan drafted each of the Powerhouse Capital invoices for submission to the two soft dollar brokers for payment using soft dollars.

30. The payments to Powerhouse Capital did not fall within the Section 28(e) safe harbor and were actually salary and a bonus for Drennan. Drennan was not an outside research analyst but rather a full-time JS Oliver employee. Drennan had previously worked for JS Oliver from its inception in 2004 through May 2008, after which he worked at a different firm for six months. In January 2009, he returned to JS Oliver and essentially resumed his prior duties at the firm. For example, Drennan served as one of the primary

contacts for JS Oliver in its soft dollar relationship with the Soft-Dollar Broker, including initiating the soft dollar account and approving – on JS Oliver’s behalf – the Soft-Dollar Broker’s initial payments to Powerhouse Capital and the reimbursement for the payment to Mausner’s ex-wife; signed documents as a “trader” for JS Oliver with at least one brokerage firm, giving him trading authorization on the JS Oliver account; communicated directly with brokerage firms regarding JS Oliver trades (including executing and allocating trades and problem-solving issues); worked full time in JS Oliver’s office as the so-called “team leader”; and participated in executive coaching sessions provided to all JS Oliver employees.

31. The Forms ADV, Part II, and the JS Partner Funds’ offering memoranda did not disclose that soft dollars could be used to pay employee salaries or other compensation.

d. JS Oliver and Mausner Used Soft Dollars to Pay Maintenance Fees on Mausner’s Personal Timeshare Property

32. Mausner’s family trust owned a timeshare in New York, New York. In 2009, JS Oliver submitted two invoices to the Soft-Dollar Broker for payment of “maintenance fee” and “back-up reserve” expenses on the timeshare totaling almost \$40,000. The invoices characterized the purpose of the expenses as evaluating “potential investment opportunities, including travel.”

33. With respect to travel expenses, the Forms ADV and JS Partner Funds’ offering memoranda provided for the use of soft dollars to reimburse travel expenses related to conferences only. Thus, on the face of the invoices, the soft dollar use was contrary to the Forms ADV and JS Partner Funds’ offering memoranda.

34. Moreover, these expenses were not for travel because they were fees and expenses for Mausner’s personal timeshare. This use of soft dollars was not disclosed to JS Oliver’s clients or investors in the JS Oliver Funds.

3. JS Oliver Failed to Maintain Required Books and Records

35. From May 2008 through June 2009, JS Oliver failed to maintain a memorandum of each order it gave for the purchase or sale of any security.

36. JS Oliver failed to maintain originals of Mausner’s email messages, which reflected the recipients of the emails, that promoted CGF’s performance, and contained his “strong” recommendation that the recipients invest in CGF. In particular, JS Oliver failed to retain emails showing the blind carbon copy recipients of the emails.

E. VIOLATIONS

37. As a result of the conduct described above, JS Oliver and Mausner 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 and sale of securities and in connection with the purchase or sale of securities.

38. As a result of the conduct described above, Drennan willfully aided and abetted and caused JS Oliver's violations of Sections 17(a)(1) and (2) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

39. As a result of the conduct described above, JS Oliver and Mausner willfully violated Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder, which prohibit fraudulent conduct by an investment adviser.

40. As a result of the conduct described above, Drennan willfully aided and abetted and caused JS Oliver's violations of Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder.

41. As a result of the conduct described above, JS Oliver willfully violated, and Mausner willfully aided and abetted and caused JS Oliver's violations of, Section 204 of the Advisers Act and Rule 204-1(a)(2) promulgated thereunder, which require investment advisers that use the mails or any means or instrumentality of interstate commerce in connection with their business to update their Form ADV annually, and to amend Part II of the Form ADV promptly, if information therein becomes materially inaccurate.

42. As a result of the conduct described above, JS Oliver willfully violated, and Mausner willfully aided and abetted and caused JS Oliver's violations of, Section 204 of the Advisers Act and Rule 204-2(a)(3) promulgated thereunder, which requires, among other things, that a registered investment adviser make and keep true, accurate and current records relating to its business including a memorandum of each order given by the investment adviser for the purchase or sale of any security.

43. As a result of the conduct described above, JS Oliver willfully violated, and Mausner willfully aided and abetted and caused JS Oliver's violations of, Section 204 of the Advisers Act and Rule 204-2(a)(7) promulgated thereunder, which requires that a registered investment adviser maintain originals of all written communications the investment adviser sends relating to "any recommendation made or proposed to be made and any advice given or proposed to be given."

44. As a result of the conduct described above, JS Oliver willfully violated, and Mausner willfully aided and abetted and caused violations of, Section 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder, which requires, among other things, that registered investment advisers adopt and implement written policies and procedures reasonably designed to prevent violation, by the investment adviser and its supervised persons, of the Advisers Act and its rules.

45. As a result of the conduct described above, JS Oliver and Mausner willfully violated Section 207 of the Advisers Act, which makes it "unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein."

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 and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against JS Oliver pursuant to Section 203(e) of the Advisers Act including, but not limited to, disgorgement and civil penalties pursuant to Section 203 of the Advisers Act;

C. What, if any, remedial action is appropriate in the public interest against Mausner and Drennan pursuant to Section 203(f) of the Advisers Act including, but not limited to, disgorgement and civil penalties pursuant to Section 203 of the Advisers Act;

D. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9 of the Investment Company Act; and

E. Whether, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, and Section 203(k) of the Advisers Act, Respondents JS Oliver and Mausner should be ordered to cease and desist from committing or causing violations of and any future violations of, Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 204, 206(1), 206(2), 206(4), and 207 of the Advisers Act and Rules 204-1(a)(2), 204-2(a)(3), 204-2(a)(7), 206(4)-7, and 206(4)-8 thereunder; whether Respondent Drennan should be ordered to cease and desist from committing or causing violations of and any future violations of, Sections 17(a)(1) and (2) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 206(4) of the Advisers Act, and Rule 206(4)-8 thereunder; whether Respondents should be ordered to pay civil penalties pursuant to Section 8A(g) of the Securities Act, Section 21B(a) of the Exchange Act, Section 203(i) of the Advisers Act, and Section 9(d) of the Investment Company Act, and whether Respondents should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act, Sections 21B(e) and 21C(e) of the Exchange Act, Sections 203(j) and 203(k)(5) of the Advisers Act, and Section 9(e) of the Investment Company 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 not earlier than 30 days and not later than 60 days from service of this Order 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 Respondents 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 Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them 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 Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 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.

By the Commission.

Elizabeth M. Murphy
Secretary