

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 69379 / April 15, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3585 / April 15, 2013

INVESTMENT COMPANY ACT OF 1940
Release No. 30463 / April 15, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15277

In the Matter of

SCOTT REIMAN,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST
PROCEEDINGS, PURSUANT TO SECTION
21C OF THE SECURITIES EXCHANGE
ACT OF 1934, SECTION 203(f) 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 pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Scott Reiman (“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, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 21C of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act, 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 Respondent's Offer, the Commission finds¹ that:

Summary

1. These proceedings arise out of insider trading in the securities of Delta Petroleum Corporation ("Delta Petroleum") in advance of the December 31, 2007 announcement that Tracinda Corporation ("Tracinda") had agreed to purchase a 35 percent stake in Delta Petroleum for \$684 million (the "Tracinda Announcement"). During the weeks leading up to the Tracinda Announcement, Reiman received material nonpublic information from Delta Petroleum's chief executive officer, Roger Parker ("Parker"), and then traded on the basis of that information reaping ill-gotten profits.

Respondent

2. Reiman, age 48, is the founder and president of Hexagon, Inc., a private company that invests in marketable securities, real estate, private equity, venture capital, and oil and gas. At the time of the conduct alleged herein, Hexagon, Inc. was an investment adviser. Reiman is a resident of Denver, Colorado.

Other Relevant Entities

3. Delta Petroleum was a Delaware corporation based in Denver, Colorado that engaged in the exploration, acquisition, development, production and sale of natural gas and crude oil. In December 2011, Delta Petroleum filed for bankruptcy. In August 2012, the reorganized company, Par Petroleum, emerged from bankruptcy. Delta Petroleum's securities were registered pursuant to Section 12(b) of the Exchange Act and, prior to Delta Petroleum's bankruptcy, its common stock traded on the Nasdaq under the symbol "DPTR." Delta Petroleum had internal policies protecting its confidential information.

4. Tracinda is a private investment company owned by Kirk Kerkorian. Tracinda is headquartered in Beverly Hills, California.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Facts

5. In late November 2007, Parker and representatives of Tracinda began discussions regarding Tracinda making a substantial equity investment in Delta Petroleum. At the time, Delta Petroleum was seeking an infusion of capital to, among other things, increase its drilling operations.

6. On November 28, 2007, Parker and Reiman spoke by telephone. Minutes after the call, Reiman arranged to purchase 11,300 shares of Delta Petroleum stock and 1,000 Delta Petroleum call option contracts² with a strike price of \$17.50 and an expiration date of March 2008. At the time, Delta Petroleum's stock price was approximately \$13.60.

7. On December 3, 2007, Parker and others met with Tracinda's management in Las Vegas, Nevada to discuss Delta Petroleum's business and the potential investment. That same day, Parker placed a telephone call to Reiman. Following the telephone call, Reiman arranged to buy an additional 500 Delta Petroleum call option contracts.

8. Following the December 3, 2007 meeting in Las Vegas, Parker and others affiliated with Delta Petroleum continued to discuss the potential investment with Tracinda's management. On December 14, 2007, Delta Petroleum, along with its investment banking representatives, made a presentation to Tracinda's management concerning Delta Petroleum's business and expected future performance.

9. Also on December 14, 2007, shortly after speaking with Parker, Reiman purchased 500 additional Delta Petroleum call options.

10. On December 17, 2007, the Delta Petroleum Board of Directors was informed of Tracinda's interest in making an investment in Delta Petroleum and the board authorized Delta Petroleum's management to pursue further discussions with Tracinda.

11. Following additional discussions and negotiations between Tracinda and Delta Petroleum, on December 22, 2007, Tracinda formally communicated an offer to purchase a 35 percent stake of Delta Petroleum for \$19.00 per share.

12. On December 29, 2007, Delta Petroleum's board of directors voted to approve Tracinda's offer.

² A call option is a financial contract between two parties that gives the buyer the right, but not the obligation, to buy an agreed quantity of stock during a specified time period for a specified price, known as the strike price. A buyer pays a fee, or premium, to purchase this right. A buyer of a call option generally stands to gain if the price of the stock increases.

13. On December 31, 2007, before market open, Delta Petroleum announced that Tracinda had agreed to acquire a 35 percent stake in Delta Petroleum for \$684 million, a price that represented a premium of 23 percent to Delta Petroleum's closing price of \$15.51 on the preceding trading day, December 28, 2007. In reaction to the Tracinda Announcement, the price of Delta Petroleum's stock rose \$3.34 or approximately 19% on December 31 and closed at \$18.85.

14. As a result of this sharp increase in Delta Petroleum's stock price following the Tracinda Announcement, Reiman reaped substantial illicit profits based on his trading of Delta Petroleum securities leading up to December 31, 2007.

15. As a result of the conduct described above, Reiman willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibits fraudulent conduct in connection with the purchase or sale of securities.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Reiman's Offer.

Accordingly, pursuant to Section 21C of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED, effective immediately, that:

A. Reiman shall cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Reiman is barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] for a period of five (5) years from entry of this Order.

C. Reiman is barred from association with any broker, dealer, investment adviser as defined under 15 U.S.C. § 80b-2(a)(11), municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and is prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser as defined under 15 U.S.C. § 80b-2(a)(11), 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.

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.

D. Reiman shall, within 14 days of the entry of this Order, pay disgorgement of \$398,000, prejudgment interest of \$93,567, and a civil penalty of \$398,000, for a total of \$889,567 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways: (1) by making direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or (2) by paying 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 Scott Reiman as a Respondent in these proceedings, and the file number of these proceedings; and a copy of the cover letter and check or money order must be sent to Sanjay Wadhwa, Associate Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, 3 World Financial Center, Suite 400, New York, New York 10281.

By the Commission.

Elizabeth M. Murphy
Secretary