UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 70743 / October 23, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3704 / October 23, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15585

In the Matter of

Equitas Capital Advisors, LLC, Equitas Partners, LLC, David S. Thomas, Jr, and Susan Christina,

Respondents.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 203(e), 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940 AND SECTION 15(b)(6) OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (the “Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (the “Advisers Act”) against Equitas Capital Advisors, LLC, and Equitas Partners, LLC, and pursuant to Sections 203(f) and 203(k) of the Advisers Act and Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”) against David S. Thomas, Jr. (“Thomas”) and Susan Christina (“Christina”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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 Respondents 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 Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 and Section 15(b)(6) of the Exchange Act, Making Findings, and Imposing Remedial Sanctions and A Cease-and-Desist Order (the "Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds that:

Summary

These proceedings concern violations of the Advisers Act by Equitas Capital Advisors, LLC ("Equitas"), a registered investment adviser, arising from Equitas' inadvertent over billing and under billing of certain clients and its negligently making false and misleading disclosures to clients and potential clients about Equitas' historical performance, compensation, conflicts of interest, and prior examination deficiencies. Equitas also violated the compliance-related rules under the Advisers Act, as did Equitas Partners, LLC ("Equitas Partners"), a registered investment adviser under common control with Equitas, by failing to conduct the required annual compliance reviews, and, in the case of Equitas, by failing to maintain written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules. Their principal and chief executive officer ("CEO"), David Thomas, aided, abetted, and caused the advertising violations, while he and the firms' chief compliance officer ("CCO"), Susan Christina, aided, abetted, and caused the compliance-related violations. These violations occurred despite warnings by the staff of the Commission's Office of Compliance Inspections and Examinations ("OCIE") in connection with its examinations of Equitas and Equitas Partners in 2005, 2008, and 2011.

Respondents

1. **Equitas Capital Advisors, LLC,** is a Louisiana limited liability company based in New Orleans, Louisiana. Equitas (SEC File No. 801-61979) registered with the Commission as an investment adviser effective September 3, 2002. Its core business is recommending money managers to clients, as opposed to investing their assets directly. In its Form ADV filed on March 27, 2013, Equitas reported approximately $2.6 billion in regulatory assets under management ("RAUM") held in 436 accounts, all but four of which are non-discretionary. During the time period covered in this Order, Equitas managed as much as approximately $3 billion in RAUM and employed as many as ten investment professionals.

2. **Equitas Partners, LLC,** is a Louisiana limited liability company based in New Orleans, Louisiana. Equitas Partners (SEC File No. 801-64205) was registered with the Commission as an investment adviser from approximately 2005 until it withdrew in March 2012. Equitas Partners' sole client is a fund of hedge funds called the Evergreen Fund until Q2 2013 when Equitas Partners, as the fund's general partner, hired Equitas as the fund's investment adviser. The fund had RAUM of approximately $54.6 million as of March 31, 2013.

3. **David S. Thomas, Jr.** (CRD No. 717970), age 57, is the principal founder, CEO, and sole owner of Equitas. He is also Equitas Partners' sole owner and principal investment

adviser. Thomas has held general and/or principal securities licenses since at least 1980 and has been a registered representative of a broker-dealer since 2006.

4. **Susan Christina** (CRD No. 717632), age 56, has worked at Equitas since its founding in 2002. She has been a member of the compliance committee and CCO of Equitas since approximately 2004 and CCO of Equitas Partners since January 2011. Christina has also been a registered representative of a broker-dealer since 2006.

Facts

Commission Examinations of Equitas and Equitas Partners

5. In 2005, 2008, and 2011, OCIE staff examined Equitas and Equitas Partners. Following each examination, OCIE staff orally and in writing reported to the firms the deficiencies it had found with their compliance with certain provisions of the federal securities laws. Equitas' then-chief operating officer ("COO") and Equitas Partners' then-CCO, who left the firm in late 2010, was the primary liaison with OCIE staff and the primary author of the firms' responses to the staff's deficiency letters in 2005 and 2008. Starting in 2011, Christina, then-CCO of both Equitas and Equitas Partners, became the primary liaison with OCIE and Thomas became more active in writing both firms' responses to OCIE. While becoming more involved starting in 2011, Respondents Thomas and Christina participated in each of OCIE's previous examinations, including meeting with OCIE staff, reviewing the deficiency letters sent by OCIE staff, and preparing and/or reviewing the firms' letters in response.

Equitas Inadvertently Overcharged Some Clients

6. From at least January 2008 through 2010, Equitas overcharged at least 16 clients a total of approximately $70,826 for investment advisory services. The overcharged amounts varied by client and ranged from $4.37 to $15,895. During the same period, Equitas also undercharged 44 clients a total of approximately $411,855. These billing errors were inadvertent and due primarily to back-office errors by Equitas' COO, who designed and controlled the firm's revenue tracking and fee billing system. Equitas has refunded the overcharged amounts to clients, plus interest, and has decided not to pursue collections of any of the undercharges.

7. These billing errors occurred and persisted until the departure of Equitas' former COO in late 2010 because Equitas failed to adopt and implement sufficient policies, procedures, and checks reasonably designed to prevent billing errors despite warnings from OCIE staff in 2005 and 2008. Equitas' revenue tracking and fee billing system was dependent upon the manual entry of client monthly and quarterly account values and fee offset amounts from numerous paper and electronic sources that Equitas received. As explained below in paragraph 10, these fee offsets resulted from fee sharing arrangements clients had with Equitas and others, which led to Credit Balances. Until late 2010, and despite the manual nature of this billing process, only one person at the firm—Equitas' former COO and principal—manually populated the Excel spreadsheet that calculated the fees, with minimal, if any, review by others. As a result, and as OCIE staff repeatedly warned, Equitas' fee billing process was highly prone

to errors. Recurring formula, formatting, and typographical errors in the Excel file Equitas used led to miscalculations of fee offsets and Credit Balances, and resulted in billing errors.

8. Despite OCIE staff repeatedly identifying these weaknesses and errors, Equitas made no significant or effective changes to its fee billing process until its former COO and principal departed in late 2010. At that point, Equitas identified errors in the Excel file and attempted to prevent similar errors on a going-forward basis. It was not until 2012, however—after OCIE had identified potential billing errors for a third time as part of its 2011 exam—that Equitas began to correct historical overcharges and refund clients.

Equitas Failed to Adequately Disclose Certain Fees and Conflicts of Interest

9. Equitas' core business is recommending money managers to clients, as opposed to investing their assets directly, and typically charges its clients a quarterly fee based on assets under management. From at least 2006 through 2011, and despite prior warnings from OCIE staff, Equitas did not adequately disclose to its clients and potential clients material information about extra compensation it earned and could earn from recommending investments in certain hedge funds and through a particular wrap fee program, and about the conflicts of interest caused thereby.

10. From 2006 through 2011, for many of its clients, Equitas received or potentially could have received additional compensation for placing clients into: (i) a managed-account wrap-fee program that Equitas sponsored through an independent broker dealer ("IBD"); and (ii) a third party family of hedge funds. Participating clients owed separate fees to both Equitas and the IBD or hedge fund manager. The IBD and fund manager each agreed to share with Equitas a percentage of these fees paid by Equitas' clients. Subject to a significant limitation, Equitas in turn agreed with its clients to use those shared fees to offset, on a dollar-for-dollar basis, the particular client's fees separately due to Equitas. To the extent the offset was greater than the fee Equitas billed the client, Equitas rolled over that balance (the "Credit Balance") on a quarterly basis until the end of the calendar year. At year end, however, any Credit Balance reverted to zero and Equitas retained any unused balance as additional compensation. Although only some clients carried Credit Balances, this potential for extra compensation created a financial incentive for Equitas to recommend these investments over others and thus created a conflict of interest.

11. During its 2008 and 2011 examinations, OCIE staff warned Equitas that its disclosure about how these fee offsets and credit balances worked, and the conflicts they created, was inadequate and misleading. After OCIE's 2008 examination, Equitas added to client invoices and to certain sections of its Form ADV Part II/2A a disclosure that Credit Balances expired at year-end, and added to certain sections of its Form ADV Part II/2A a statement that expired Balances constituted extra compensation to Equitas. In other sections of its Form ADV Part II/2A, however, and in its client correspondence, fee reviews, client agreements, and its marketing material, Equitas stated simply that all revenues Equitas received in these fee-sharing arrangements were "credited on a dollar-for-dollar basis against our client's consulting fee." These statements failed to disclose that the Credit Balances expired at year-end and, when they did expire, that Equitas kept this unused balance as extra compensation. Equitas

also did not expressly identify the conflict of interest attendant to these fee arrangements or describe how such conflicts were addressed until its March 2012 Form ADV amendment.

12. Equitas also did not disclose until 2012, in its Forms ADV or otherwise, the conflict of interest it had in recommending investment in the Evergreen Fund, which Respondent Thomas and other now-former Equitas principals managed through Equitas Partners. Equitas also never described how it addressed such conflicts, as required by Form ADV.[1] At least 51 clients of Equitas were Evergreen investors from 2008 through 2011. Equitas Partners was paid a percentage of Evergreen's assets and a potential performance fee, providing Thomas and other then-principals of Equitas, through their control of Equitas Partners, a clear financial incentive to recommend that clients buy and remain in that fund. For instance, while disclosing in one section of its Forms ADV Part II/2A that Equitas Partners managed the Evergreen Fund and that both were under common control with Equitas, Equitas incorrectly stated elsewhere, "None of [Equitas'] principals or employees engages in any other business activity which would impede or conflict with their duties or responsibilities to the Company's clients."

13. Equitas also denied it had any conflicts in its responses to requests for proposals ("RFPs") from potential clients, claiming "[w]e are unaware of any potential conflicts of interest that may exist or which may develop as a result of our relationship with [potential client]," and "[o]ur policy is to avoid all actual and potential conflicts of interest."[2] Equitas also denied any conflicts in its responses to OCIE's 2008 and 2011 deficiency letters. To the contrary, and despite requests by OCIE not to do so, Equitas misleadingly marketed itself on its website and elsewhere as an "objective" consultant that used an "unbiased approach driven by process, not product." Finally, Equitas failed to heed repeated warnings by OCIE staff to adopt and implement policies and procedures to prevent a failure to disclose its conflicts.

Equitas Disseminated Misleading Advertisements about Its Historical Performance

14. In 2011, Equitas distributed two materially misleading marketing pieces about the firm's historical performance in managing its clients' investments. CEO Thomas

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[1] During the pertinent period, various provisions of Form ADV specifically required Equitas to disclose these types of conflicts. For instance, when supervised persons of advisers manage both accounts that charge a performance fee and accounts that charge another fee type, Item 6 of Part 2A requires disclosure of how the firm addresses the conflicts of interest caused by the incentive to favor the former account because of greater potential fees. If an adviser receives compensation directly from advisers it recommends, Item 10.D of Part 2A requires advisers to describe the conflicts created by such practices and how such conflicts are addressed. Before Form ADV was amended in 2011, where the adviser had an interest in a client transaction, such as recommending a security or product in which the adviser or its related person has some financial interest, Item 9 of Part II required advisers to disclose what restrictions, procedures or disclosures were used for the related conflicts of interest in these transactions.

[2] An investment adviser is a fiduciary who owes his clients "an affirmative duty of 'utmost good faith, and full and fair disclosure of all material facts,' as well as an affirmative obligation 'to employ reasonable care to avoid misleading' his clients." *SEC v. Capital Gains*, 375 U.S. 180, 194 (1963).

directed the preparation of these marketing pieces, and allowed one to be distributed without the approval of CCO Christina, despite the concerns she had raised and despite the fact that Equitas' compliance policies and procedures required CCO approval of advertisements.

15. In February and March 2011, in response to a number of RFPs from potential clients, Equitas distributed a misleading and out-of-date marketing piece stating that it had averaged "108 basis points of additional performance net of all fees for our clients while reducing risk and inefficiency in their portfolios." The advertisement contained no explanation of how the number was calculated, what the 108 basis points of performance was in addition to, and did not reference any time period. In fact, the claimed "additional performance" was long out of date. As Equitas later acknowledged, the firm calculated this purported additional performance in late 2007 or early 2008 and did not update it. Equitas' improper use of this outdated advertisement in 2011 appears to have been inadvertent and the result of the firm's failure to properly date the performance and inadequate controls over the distribution of advertisements.

16. On or about September 23, 2011, Equitas distributed another misleading advertisement to its clients, stating that Equitas' Louisiana investment clients had made more than $1 billion since Equitas was founded in 2002. The advertisement stated Equitas calculated the $1 billion figure by totaling the profits and losses of all present and past clients since the firm's inception. The advertisement failed, however, to include important disclosures and caveats. For example, the undated advertisement failed to disclose the extent to which the performance results were attributable to Equitas' services, and that the results reflected investments and managers not recommended by Equitas. In fact, prior to Equitas distributing the advertisement, CCO Christina advocated for the inclusion of some of these same disclaimers. Without them, Equitas' characterization of its historical performance improperly suggested that the $1 billion in claimed client gains were solely the product of Equitas' investment advice. Thomas authorized publicizing this misleading $1 billion advertisement notwithstanding CCO Christina's concerns and without her approval.

Equitas Failed to Maintain Written Compliance Policies and Procedures and Equitas and Equitas Partners Failed to Conduct Annual Compliance Reviews that Satisfied the Advisers Act

17. From at least 2005 through 2011, Equitas failed to comply with the mandate under Rule 206(4)-7 of the Advisers Act that every registered investment adviser adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules by the adviser and its supervised persons. While Equitas had a policy and procedures manual, it was based in part on a manual Equitas employees had used when employed at a broker dealer, and was not sufficiently tailored to Equitas' business of recommending other money managers. Further, despite repeated suggestions from OCIE staff, Equitas made few changes to its manual. Significantly, the manual was not reasonably designed to detect and prevent billing errors. The manual also did not address the conflicts of interest arising from the firm's recommendation of investments with potential additional compensation to the firm, including the Evergreen Fund managed by Thomas and other then-principals of Equitas through Equitas Partners.

18. In addition, from at least 2006 through 2011, Equitas and Equitas Partners failed to comply with the mandate in Rule 206(4)-7 that every registered investment adviser review at least annually the adequacy of its required policies and procedures and the effectiveness of their implementation. While CCO Christina and Equitas' former COO reviewed Equitas' manuals at times, no one annually reviewed the adequacy of Equitas' policies and procedures and the effectiveness of their implementation as required by Rule 206(4)-7. In the case of Equitas Partners, it appears no separate review of any kind ever occurred. During its 2005, 2008, and 2011 examinations and in each deficiency letter, OCIE staff noted these failures.

19. As Equitas' CCO since 2004 and Equitas Partners' CCO since early 2011, Christina was at least partially responsible for these compliance failures and the failures to heed OCIE's warnings. She also did not take sufficient steps to make compliance improvements she herself identified. For example, in 2009, CCO Christina sent a memo to Equitas' compliance committee, which included Respondent Thomas and the then-CCO of Equitas, recommending various improvements to Equitas' compliance program similar to the changes OCIE had identified. Her recommendations included conducting a more robust annual compliance review, outlining the fee billing process, documenting the adviser due diligence process, and improving the process for advertising approvals. Equitas failed to implement these changes.

Misleading Statements about SEC Examination Deficiencies

20. In connection with each of its examinations in 2005, 2008, and 2011, OCIE staff notified Equitas and Thomas orally and in writing about numerous deficiencies, including those discussed in this Order. Equitas, Equitas Partners, and Thomas should have disclosed these deficiencies to potential clients in response to questions in certain RFPs and due diligence questionnaires, but did not do so.

21. For example, Thomas assisted in preparing a 2008 year-end "due diligence questionnaire" for Equitas Partners to provide to potential investors in the Evergreen Fund. In response to a question Equitas Partners itself drafted about regulatory audits and what changes were made as a result thereof, Equitas Partners omitted any reference to OCIE's 26-page September 23, 2008, deficiency letter and falsely answered that it had "completed our first examination by the SEC and there were no exceptions noted or changes made to our operations."

22. In another example, a potential client in October 2011 asked Equitas in an RFP to "describe any SEC or any other governmental, regulatory, or administrative formal investigations, audits, actions, fines, censures, litigation criminal charges or convictions involving your firm during the past 10 years." Equitas responded, "There have been no governmental or regulatory investigations or actions other than the normal SEC Examinations given to all RIAs in the history of our firm." This characterization—without describing the multiple OCIE exams since 2005 or the repeated deficiencies OCIE found—was misleading.

Violations

23. As a result of the negligent conduct described above, Equitas willfully[3] violated Section 206(2) of the Advisers Act, which prohibits an investment adviser from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client. A violation of Section 206(2) may rest on a finding of simple negligence; scienter is not required. *See SEC v. Steadman*, 967 F.2d 636, 643, n.5 (D.C. Cir. 1992).

24. As a result of the conduct described above, Equitas willfully violated Section 206(4) of the Advisers Act and Rules 206(4)-1(a)(5) thereunder, which prohibits publishing, circulating or distributing advertisements containing untrue statements of material facts, or that were otherwise false or misleading. Proof of scienter is not required to establish a violation of Section 206(4) of the Advisers Act. *See id. at* 647. Thomas willfully aided and abetted and caused Equitas' violations.

25. As a result of the conduct described above, Equitas and Equitas Partners willfully violated, and Thomas and Christina willfully aided and abetted and caused Equitas' and Equitas Partners' violations of, Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require, among other things, that a registered investment adviser: (1) implement written policies and procedures reasonably designed to prevent violation of the Advisers Act and the rules thereunder by the adviser and its supervised persons; and (2) conduct at least annual reviews of the adequacy of such policies and procedures and the effectiveness of their implementation.

26. As a result of the conduct described above, Equitas willfully violated Section 207 of the Advisers Act, which makes it unlawful "for any person willfully to make any untrue statements of material fact in any registration application or report filed with the Commission under Section 203 or 204, or willfully to omit to state in any such application or report any material fact which is required to be stated therein."

Undertakings

Respondents undertake to take the following actions, as applicable.

27. Independent Compliance Consultant. Equitas and Equitas Partners have and shall continue to retain, subject to these Undertakings, the services of an independent compliance consultant (the "Independent Consultant") that is not unacceptable to the Commission staff. The Independent Consultant's compensation and expenses shall be borne exclusively by Equitas and Equitas Partners.

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[3] A willful violation of the securities laws means merely "'that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "'also be aware that he is violating one of the Rules or Acts.'" *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

a. Equitas and Equitas Partners shall require that the Independent Consultant conduct three (3) annual reviews of Equitas' and Equitas Partners' supervisory, compliance, and other policies and procedures reasonably designed to detect and prevent violations of the federal securities laws by Equitas and Equitas Partners and their employees (the "Reviews"), including the adequacy of: (1) Equitas' and Equitas Partners' assessment, mitigation, and disclosure of their fee practices and conflicts of interest; (2) Equitas' revenue tracking and fee billing processes; (3) Equitas' and Equitas Partners' marketing and advertising; and (4) Equitas' and Equitas Partners' policies and procedures required by Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder.

b. The three (3) year period for the Reviews shall begin on the date of entry of this Order.

c. Equitas and Equitas Partners have provided to the Commission's staff a copy of an engagement letter detailing the Independent Consultant's responsibilities, which includes the Reviews to be made by the Independent Consultant as described in this Order.

d. Equitas and Equitas Partners shall require that, within forty-five (45) days from the end of the applicable annual period, the Independent Consultant shall submit a written and detailed report of its findings to Equitas and Equitas Partners and to the Commission staff (the "Report"). Equitas and Equitas Partners shall require that each Report include a description of the review performed, the names of the individuals who performed the review, the conclusions reached, the Independent Consultant's recommendations for changes in or improvements to Equitas' and Equitas Partners' policies and procedures and/or disclosures to clients, and a procedure for implementing the recommended changes in or improvements to Equitas' and Equitas Partners' policies and procedures and/or disclosures.

e. Equitas and Equitas Partners shall adopt all recommendations contained in each Report within sixty (60) days of the applicable Report; provided, however, that within forty-five (45) days after the date of the applicable Report, Equitas or Equitas Partners shall in writing advise the Independent Consultant and the Commission staff of any recommendation that Equitas or Equitas Partners considers to be unduly burdensome, impractical, or inappropriate. With respect to any recommendation that Equitas or Equitas Partners considers unduly burdensome, impractical, or inappropriate, Equitas or Equitas Partners need not adopt that recommendation at that time but shall propose in writing an alternative policy, procedure, or system designed to achieve the same objective or purpose.

f. As to any recommendation with respect to Equitas' or Equitas Partners' policies and procedures on which Equitas or Equitas Partners and the Independent Consultant do not agree, Equitas or Equitas Partners and the Independent Consultant shall attempt in good faith to reach an agreement within sixty (60) days after the date of the applicable Report. Within fifteen (15) days after the conclusion of the discussion and evaluation by Equitas and the Independent Consultant, Equitas or Equitas Partners shall require that the Independent Consultant inform Equitas or Equitas Partners and the Commission staff in writing of the Independent Consultant's final determination concerning any recommendation that Equitas or

Equitas Partners considers to be unduly burdensome, impractical, or inappropriate. Equitas and Equitas Partners shall abide by the determinations of the Independent Consultant and, within sixty (60) days after final agreement between Equitas or Equitas Partners and the Independent Consultant or final determination by the Independent Consultant, whichever occurs first, Equitas and Equitas Partners shall adopt and implement all of the recommendations that the Independent Consultant deems appropriate.

g. Within ninety (90) days of Equitas' and Equitas Partners' adoption of all of the recommendations in a Report that the Independent Consultant deems appropriate, as determined pursuant to the procedures set forth herein, Equitas and Equitas Partners shall certify in writing to the Independent Consultant and the Commission staff that Equitas and Equitas Partners have adopted and implemented all of the Independent Consultant's recommendations in the applicable Report. Unless otherwise directed by the Commission staff, all Reports, certifications, and other documents required to be provided to the Commission staff shall be sent to Jeffrey Finnell, Assistant Director, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549-6010-A, or such other address as the Commission's staff may provide.

h. Equitas and Equitas Partners shall cooperate fully with the Independent Consultant and shall provide the Independent Consultant with access to such of their files, books, records, and personnel as are reasonably requested by the Independent Consultant for review.

i. To ensure the independence of the Independent Consultant, Equitas and Equitas Partners: (i) shall not have the authority to terminate the Independent Consultant or substitute another independent compliance consultant for the initial Independent Consultant, without the prior written approval of the Commission's staff; and (ii) shall compensate the Independent Consultant and persons engaged to assist the Independent Consultant for services rendered pursuant to this Order at their reasonable and customary rates.

j. Equitas and Equitas Partners shall require the Independent Consultant to enter into an agreement that provides that for the period of engagement and for a period of two (2) years from completion of the engagement, the Independent Consultant shall not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Equitas or Equitas Partners, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Independent Consultant will require that any firm with which the Independent Consultant is affiliated or of which the Independent Consultant is a member, and any person engaged to assist the Independent Consultant in the performance of the Independent Consultant's duties under this Order shall not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with Equitas or Equitas Partners, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years after the engagement.

28. Recordkeeping. Equitas and Equitas Partners shall preserve for a period of not less than six (6) years from the end of the fiscal year last used, the first two (2) years in an easily accessible place, any record of Equitas' compliance with the undertakings set forth in this Order.

29. Notice to Advisory Clients. Within ten (10) days of the entry of this Order, Equitas and Equitas Partners shall post prominently on their principal Web site(s) a summary of this Order in a form and location not unacceptable to the Commission's staff, with a hyperlink to the entire Order. Equitas and Equitas Partners shall maintain the posting and hyperlink on their Web site(s) for a period of twelve (12) months from the entry of this Order. Within thirty (30) days of the entry of this Order, Equitas shall provide a copy of the Order via mail, e-mail, or such other method as may be acceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission staff, to each of the 16 Equitas clients overcharged between 2008 and 2010 and each of Equitas' existing advisory clients as of the entry of this Order.

30. Deadlines. For good cause shown, the Commission's staff may extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

31. Respondent Thomas undertakes to cause Equitas and Equitas Partners to comply with all of their undertakings in this Section III.

32. Certifications of Compliance by Respondents. Respondents Equitas, Equitas Partners, and Thomas shall certify, in writing, compliance with their undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Equitas agrees to provide such evidence. The certification and supporting material shall be submitted to Jeffrey Finnell, Assistant Director, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549-6010-A, or such other address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Division of Enforcement (100 F St., N.E., Washington, DC 20549), no later than sixty (60) days from the date of the completion of the undertakings.

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 each of Respondents' Offers.

Accordingly, pursuant to Sections 203(e) and 203(k) of the Advisers Act with respect to Equitas and Equitas Partners, and pursuant to Sections 203(f) and 203(k) of the Advisers Act and Section 15(b)(6) of the Exchange Act with respect to Thomas and Christina, it is hereby ORDERED that:

A. Respondent Equitas cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4), and 207 of the Advisers Act and Rules 206(4)-1 and 206(4)-7 promulgated thereunder.

B. Respondent Equitas Partners cease and desist from committing or causing any violations and any future violations of Sections 206(4) of the Advisers Act and Rule 206(4)-7 promulgated thereunder.

C. Respondent Thomas cease and desist from committing or causing any violations and any future violations of Sections 206(4) of the Advisers Act and Rules 206(4)-1 and 206(4)-7 promulgated thereunder.

D. Respondent Christina cease and desist from committing or causing any violations and any future violations of Sections 206(4) of the Advisers Act and Rules 206(4)-7 promulgated thereunder.

E. Respondents Equitas and Equitas Partners are censured.

F. Respondent Equitas shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of $100,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

(a) Respondent 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

(b) Respondent 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 Equitas Capital Advisors LLC as a Respondent 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 Jeffrey Finnell, Assistant Director, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549-5010-A.

G. Respondent Thomas shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of $35,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the ways described above in Section IV.F. Payments by check or money order must be accompanied by a cover letter identifying David S. Thomas, Jr. as a Respondent 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 Jeffrey Finnell, Assistant Director, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549-5010-A.

H. Respondents Equitas, Equitas Partners, and Thomas shall comply with their respective undertakings enumerated in Section III above.

By the Commission.

Elizabeth M. Murphy
Secretary