

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 71097 / December 17, 2013

INVESTMENT COMPANY ACT OF 1940
Release No. 30834 / December 17, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15646

In the Matter of

Alex Halimi,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT OF
1934, 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 Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Alex Halimi (“Respondent” or “Halimi”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, 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 Respondent’s Offer, the Commission finds that:

Summary

1. This case involves violations of the broker-dealer registration provisions by Alex Halimi. From November 2008 through August 2012 (the “relevant period”), Halimi, operating through Cannes Capital Advisors, LLC (“Cannes”), solicited investors and regularly placed orders for securities transactions on behalf of others in exchange for transaction-based compensation. Halimi placed orders for at least fifty-four customers and received approximately \$522,785 in illegal brokerage commissions. Although Halimi had previously been licensed and associated with registered broker-dealers, he failed to register Cannes with the Commission as a broker-dealer. By this conduct, Halimi violated Section 15(a) of the Securities Exchange Act of 1934 (“Exchange Act”).

Respondent

2. Alex Halimi, age 42, resides in Brooklyn, New York. From 1991 through 1996 Halimi was a registered representative of several registered broker-dealers and held Series 6, Series 7, Series 63, and Series 65 licenses. Halimi subsequently worked in an unregistered capacity, for brief periods, at a number of other registered broker-dealers before founding Cannes.

Related Entity

3. Cannes Capital Advisors, LLC, was at all relevant times a limited liability company organized under the laws of Delaware and located in Brooklyn, New York and was wholly owned by its Managing Member, Halimi Fund Management LLC, which was in turn wholly owned and operated by Halimi. Cannes ceased operations in August 2012.

Facts

4. During the relevant period, Halimi, acting through Cannes, effected securities transactions on behalf of others. Not only did Halimi operate as a broker, but he held Cannes out as a broker-dealer. Cannes’ website described Cannes as a “full service stock brokerage company, specializing in margin lending.” Halimi also compared Cannes to registered broker-dealers and touted the leverage Cannes offered, telling at least one prospective customer: “Our lending capacity alone differentiates us as compared to almost every other Stock Brokerage Firm in the business.” Halimi also distinguished Cannes from large, well-known registered broker-dealers, which he said required customers to put up a minimum of \$25,000 to day-trade, whereas Cannes offered its customers substantial leverage for day-trading and overnight trades, without any deposit.

5. Cannes' customers executed an agreement with Cannes providing that in exchange for executing brokerage transactions for the customer Cannes would receive transaction fees and commissions, usually \$0.03 per share.

6. Customers' trades were placed through brokerage accounts in Cannes' name at two registered broker-dealers. The Cannes brokerage accounts were margin accounts and were treated by the registered broker-dealers as institutional accounts. As a result, Cannes' customers were extended greater margin than they would have been able to obtain directly from the registered broker-dealers.

7. Customers placed orders through Halimi, either by calling him or using computers located in Cannes' office, and, briefly, through a direct market access platform arranged by one of the registered broker-dealers through which Cannes traded. With the exception of the transactions executed through the direct market access platform, Cannes customers did not have access to records of their transactions generated by the registered broker-dealers. Instead, the customers relied on Halimi to report on their transactions and the performance of their accounts. Halimi provided such reports, albeit sporadically and sometimes only upon request.

8. During the relevant period, Halimi, through Cannes, effected securities transactions for at least fifty-four customers. In total, customers transferred approximately \$1.8 million to Cannes for purposes of placing securities trades. Halimi received approximately \$522,785 in commissions and transaction fees for effecting customers' securities transactions.

Legal Analysis

9. Section 15(a) of the Exchange Act requires that any person selling securities be registered with the Commission as a broker or dealer, or, in the case of a natural person, be associated with a registered broker or dealer. Specifically, Section 15(a)(1) makes it illegal for a broker-dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security unless such broker-dealer is registered with the Commission. Scierer is not an element of the violation. SEC v. Nat'l Exec. Planners, Ltd., 503 F. Supp. 1066, 1073 (M.D.N.C. 1980). Section 3(a)(4) of the Exchange Act defines a "broker" as any person, other than a bank, in certain circumstances, "engaged in the business of effecting transactions in securities for the account of others." A person "effects transactions in securities" if he or she participates in such transactions "at key points in the chain of distribution." Massachusetts Fin. Servs., Inc. v. Security Investor Protection Corp., 411 F. Supp. 411, 415 (D. Mass.), aff'd, 545 F. 2d 754 (1st Cir. 1976).

10. As described above, Halimi, through Cannes, engaged in the business of effecting transactions in securities for the account of others. Cannes was not registered with the Commission as a broker-dealer, however, nor was Halimi associated with a registered broker-dealer during the relevant period. Accordingly, Halimi willfully violated Section 15(a) of the Exchange Act.

11. Halimi had previously been licensed to sell securities and had worked for registered broker-dealers. Moreover, he advertised Cannes as an alternative to registered broker-dealers. Accordingly, Halimi deliberately or recklessly disregarded the broker-dealer registration requirement.

IV.

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

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Halimi cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

B. Respondent Halimi 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;

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; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock;

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 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. Respondent Halimi shall, within ten days of the entry of this Order, pay disgorgement of \$522,785, prejudgment interest of \$17,174.34 and civil penalties of \$125,000 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) 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
- (2) 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 Halimi 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 Andrew M. Calamari, Regional Director, New York Regional Office, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281.

By the Commission.

Elizabeth M. Murphy
Secretary