

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3657 / August 28, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15445**

**In the Matter of**

**HAUSMANN-ALAIN BANET,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
203(f) OF THE INVESTMENT ADVISERS  
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 proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Hausmann-Alain Banet (“Respondent” or “Banet”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. Banet, age 48, is the Principal of Lion Capital Management, LLC (“Lion Capital”) and currently is also the sole employee. Lion Capital is an investment adviser located in San Francisco, California. Lion Capital, which was previously registered with the Commission, is the General Partner & Managing Member of the Lion Absolute Value Fund. Lion Capital is operated by Banet.

B. ENTRY OF THE CRIMINAL CONVICTION

2. In October 2012, the United States Attorney for the Northern District of California unsealed an indictment against Banet in the criminal proceeding *United States of America v. Hausmann-Alain Banet*, Case No. CR-12-715-WHA (the “Criminal Proceeding”). On May 22, 2013, Banet entered a written plea agreement in the Criminal Proceeding whereby Banet pled guilty to two counts of mail fraud in violation of 18 U.S.C. § 1341 and two counts of wire fraud in violation of 18 U.S.C. § 1343. In the plea agreement, Banet admitted that from November 2008 through July 2012, he induced numerous individuals to deposit money in bank accounts that he controlled through false and fraudulent representations that Lion Capital would invest the money.

3. On August 15, 2013, the Court entered a Criminal Judgment against Banet in the Criminal Proceeding. In the Criminal Judgment, the Court adjudicated Banet guilty of two counts of mail fraud and two counts of wire fraud in violation of 18 U.S.C. §§ 1341, 1343 and sentenced Banet to fifty-six months of incarceration and to an additional thirty-six months of supervised release. The Court also ordered Banet to pay \$1,217,668.40 in restitution and to forfeit certain assets.

**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 proceedings be instituted to determine:

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

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers 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 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 Respondent 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 Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him 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 Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 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.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary