

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3729 / December 2, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15630

In the Matter of

CHARLES J. DUSHEK, and
CHARLES S. DUSHEK,

Respondents.

**ORDER INSTIUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
203(F) OF THE INVESTMENT ADVISERS
ACT OF 1940, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS**

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 Charles J. Dushek (“Dushek Sr.”) and Charles S. Dushek (“Dushek Jr.”) (collectively, “Respondents” or the “Dusheks”)

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 them and the subject matter of these proceedings and the findings contained in Section III.3 below, which are admitted, Respondents consent to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f)

of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

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

1. Dushek Sr., age 69, resides in Warrenville, Illinois. From 2008 through 2013, Dushek Sr. was the president and co-owner of Capital Management Associates, Inc. (“CMA”), an investment adviser registered with the Illinois Securities Department but not the Commission. During that period, Dushek Sr. was registered with the Illinois Securities Department as an investment adviser representative for CMA. Throughout that period, CMA and Dushek Sr. were engaged in the business of advising CMA clients, for compensation, about investments in securities.

2. Dushek Jr., age 37, resides in Illinois. From 2008 through 2013, Dushek Jr. worked at and co-owned CMA. Dushek Jr.’s most recent title at CMA was vice president of administration. Throughout that period, CMA was engaged in the business of advising CMA clients, for compensation, about investments in securities.

3. On October 9, 2013, a judgment was entered by consent against each of the Dusheks, permanently enjoining them from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Charles J. Dushek, et al., Civil Action Number 1:13-CV-3669, in the United States District Court for the Northern District of Illinois.

4. The Commission’s complaint in the civil action alleges that from 2008 to 2012, the Dusheks participated in a “cherry picking” scheme through CMA. According to the complaint, the Dusheks engaged in cherry picking by assigning profitable trades to themselves, and unprofitable trades to CMA clients. The complaint further alleges that the Dusheks assigned millions of dollars of profits to themselves, and assigned millions of dollars of losses to the clients. Additionally, the complaint alleges that Dushek Sr. and CMA misrepresented CMA’s proprietary trading activities in a brochure distributed to clients.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents’ Offers.

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Dushek Sr. 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.

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Dushek Jr. 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.

Any reapplication for association by the Respondents 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 Respondents, 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.

By the Commission.

Elizabeth M. Murphy
Secretary