

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9521 / January 30, 2014

INVESTMENT ADVISERS ACT OF 1940
Release No. 3767 / January 30, 2014

INVESTMENT COMPANY ACT OF 1940
Release No. 30897 / January 30, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15707

In the Matter of

**Navigator Money
Management, Inc. and
Mark A. Grimaldi**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTIONS
203(e), 203(f) AND 203(k) OF THE
INVESTMENT ADVISERS ACT OF 1940,
AND SECTIONS 9(b) and 9(f) 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 8A of the Securities Act of 1933 (“Securities Act”), Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”) against Navigator Money Management, Inc. and Mark A. Grimaldi (“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 them 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 Section 8A of the Securities Act of 1933, Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) 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 Respondents’ Offers, the Commission finds¹ that:

A. Summary

1. This matter concerns advertising by registered investment adviser Navigator Money Management, Inc. (“NMM”) and its president, majority owner, and chief compliance officer, Mark A. Grimaldi (“Grimaldi”). From 2008 through at least January 2012, NMM and Grimaldi, directly and indirectly through an affiliated Grimaldi-owned entity, issued false and misleading advertisements concerning (a) NMM’s investment advice, (b) the performance of a mutual fund managed by NMM, Sector Rotation Fund (ticker: NAVFX) (“Sector Rotation (NAVFX)”), and (c) the performance of model portfolios recommended by Grimaldi. Among their misleading statements, Respondents selectively touted the past performance of Sector Rotation (NAVFX) and specific securities recommendations to clients, cherry-picking the best recommendations and ignoring less favorable recommendations.

2. These misrepresentations and omissions were made possible, in part, by NMM’s failure to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and Investment Company Act and rules thereunder.

B. Respondents

3. NMM is a New York corporation with its principal place of business in Wappingers Falls, New York. NMM and its predecessor Prestige Asset Management Services, Inc. (“PAMS”) have been registered as investment advisers with the Commission since 1996. NMM reported in its most recent filing with the Commission that it had \$115 million in regulatory assets under management. NMM advises private client accounts on a discretionary basis and also is the investment adviser to Sector Rotation (NAVFX), a series of a registered investment company with approximately \$21 million in assets. NMM has also reported in its most recent filing with the Commission that it is actively engaged in the business of publishing investment newsletters. These newsletters include *The Money Navigator*, *Fidelity Navigator*, *Sector Navigator*, and *No-Load Navigator* (collectively, the “Navigator Newsletters”), which are published through an affiliated entity, The Prestige Organization, Inc. (“Prestige”).

4. **Grimaldi**, age 51, resides in Poughkeepsie, New York. Grimaldi is the president, chief compliance officer, and majority owner of NMM. In addition, Grimaldi is responsible for

¹ The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

managing the investments in both NMM's individual client accounts and in Sector Rotation (NAVFX). Grimaldi is also the majority owner of Prestige, the entity that acts as the publisher of the Navigator Newsletters. Grimaldi serves as the chief economist for each of the Navigator Newsletters and is responsible for authoring the main article in each newsletter as well as all model portfolio recommendations. As such, Grimaldi controls the content of the Navigator Newsletters.

C. Other Relevant Entities

5. **Prestige**, formerly known as Prestige Financial, Inc., is a New York corporation organized in April 1996 by Grimaldi. Prestige has published the Navigator Newsletters since 2005. Grimaldi is the majority owner of Prestige.

6. **Starboard Investment Trust** was organized on May 13, 2009 as a Delaware statutory trust with headquarters in Rocky Mount, North Carolina, and registered with the Commission as an open-end management investment company. Since June 28, 2011, Sector Rotation (NAVFX) has been a non-diversified series of Starboard Investment Trust. NMM has served as the investment adviser to Sector Rotation (NAVFX) since December 2009.

7. **World Funds Trust** was organized on January 17, 2008 as a Delaware statutory trust with headquarters in Richmond, Virginia, and registered with the Commission as an open-end management investment company. From December 30, 2009 through June 27, 2011, Sector Rotation (NAVFX) was a non-diversified series of World Funds Trust. NMM served as the investment adviser to Sector Rotation (NAVFX) during that same time period.

8. **ETF Opportunity Fund**, formerly called Navigator Fund ("Navigator Fund"), is registered with the Commission as an open-end investment company established under the laws of Ohio on January 2, 2004. From January 2008 through January 2009, NMM served as the co-manager of the Navigator Fund.

D. Background

9. In June 2004, Grimaldi arranged for his entity, Prestige, to purchase a 50% interest in the publisher of three monthly newsletters, called *Fidelity Navigator*, *Sector Navigator*, and *No-Load Navigator*. Prestige purchased the remaining 50% in 2005 and Prestige continues to publish the three newsletters today. In February 2011, Grimaldi and Person A, an author and host of a show on the television network CNBC, co-founded a new monthly investment newsletter, called *The Money Navigator*, which is also published through Prestige. By the end of 2011, *The Money Navigator* newsletter had more than 60,000 subscribers.

10. Grimaldi used the Navigator Newsletters to promote NMM's investment adviser business, to bring clients to NMM, and to solicit people to invest in Sector Rotation (NAVFX). Grimaldi was responsible for all investment advice described in the Navigator Newsletters and applied that same advice to his and NMM's clients. The model portfolios that Grimaldi recommends in the newsletters are the exact same models NMM uses to manage the investments of its approximately 600 private advisory clients. Indeed, the Navigator Newsletters promote

NMM's investment advisory services as a way to keep individual client accounts in line with a newsletter model portfolio that meets the clients' investment objectives. In addition, the newsletters tout NMM's investment decisions by, for example, claiming NMM is a "five-star money manager," and proclaiming successful investment recommendations made by NMM to its private clients, as detailed below.

11. On August 21, 2007, Grimaldi changed the name of his registered investment adviser from PAMS to NMM. NMM's press release states the name change was meant "to create more synergy with the[] #1 rated nationally recognized newsletters, the Navigator Newsletters."

12. In 2008, the Commission's exam staff conducted an examination of both the Navigator Fund and NMM. On September 30, 2008, the Commission's exam staff notified NMM that the newsletters published by Prestige could be considered advertisements of the Navigator Fund and NMM and subject to (a) Rule 482 under the Securities Act, which governs advertisements for investment companies, including mutual funds, and (b) Rule 206(4)-1 under the Advisers Act, which governs advertisements by investment advisers registered with the Commission.

E. Sector Rotation (NAVFX) Advertisements

13. On December 30, 2009, NMM began serving as the investment adviser to the mutual fund Sector Rotation (NAVFX).

14. Grimaldi used each of the four Navigator Newsletters to advertise and promote the mutual fund advised by NMM, Sector Rotation (NAVFX). Indeed, Grimaldi often included Sector Rotation (NAVFX) as one of the mutual funds the Navigator Newsletters recommend in model portfolios. In discussing the performance of Sector Rotation (NAVFX), Respondents have made several materially misleading statements in the Navigator Newsletters, including the following:

a. *The Money Navigator*, December 2011, includes an article signed by Grimaldi, stating: "The following is a summary of [Grimaldi's] recent interview with *Investors' Business Daily (IBD)* . . . Mark Grimaldi manages Sector Rotation (NAVFX)," which "was ranked number 1 out of 375 World Allocation funds tracked by Morningstar. Sector Rotation produced an average annual return of 10.25% from August 31, 2002, to October 31, 2011, vs. 5.47% for the S&P 500 Index, according to Morningstar." This statement is misleading for at least three reasons:

- Sector Rotation (NAVFX) did not have an average annual return of 10.25% and did not exist prior to December 30, 2009; rather, 10.25% was the hypothetical return of the similarly-named "Sector Rotation" model in the Sector *Navigator* newsletter—not the actual mutual fund. Sector Rotation's (NAVFX) average annual return from inception (December 30, 2009) to October 31, 2011 was 6.9%;

- The statement suggests that Grimaldi has had a role in the performance of the “Sector Rotation” model since 2002, but Grimaldi had no role in the model portfolio in the *Sector Navigator* newsletter until July 2004; and
- The statement omitted that Sector Rotation (NAVFX) was the best performing World Allocation fund only for the time period from October 13, 2010 through October 12, 2011. For other periods, Sector Rotation (NAVFX) had a poorer relative performance. For example, for the time period from January 1, 2011 through November 30, 2011, the day before publication of the newsletter, at least 100 other mutual funds outperformed Sector Rotation (NAVFX) in Morningstar’s World Allocation category of more than 300 funds.

b. *The Money Navigator*, January 2012, recommends a model portfolio for which Grimaldi had sole responsibility with a 20% allocation in Sector Rotation (NAVFX), claiming that Sector Rotation (NAVFX) was “[r]anked 7 of 381 peers in 2011.” This statement was false. In the Morningstar World Allocation category, there were 138 funds (out of 363) with higher returns than Sector Rotation (NAVFX) for 2011.

15. *Fidelity Navigator*, January 2010, includes a Grimaldi-authored article stating that investing in Sector Rotation (NAVFX) is an “easy way to add our Sector Rotation to your portfolio” after touting the “Sector ETF Rotation” model portfolio that “is virtually even since December 31, 2007. The S&P 500 is down almost 25% since then!” This is misleading because the mutual fund Sector Rotation (NAVFX) and the “Sector ETF Rotation” model portfolio held very different securities at that time, so investing in Sector Rotation (NAVFX) was not a means for an investor to achieve the same investment profile as the model portfolio.

F. Other Advertisements for NMM’s Advisory Services

16. Respondents also repeatedly advertised their investment advisory services in a materially misleading way.

1. Model Portfolio Performance

17. Respondents frequently claimed that their investment advisory services would keep private client accounts in line with a model portfolio contained in the Navigator Newsletters, including through their “Navigator Auto Pilot (NAP) Compass Program,” a program offered by NMM. For example, *The Money Navigator*, June 2011, under the heading “NAP Program NOW AVAILABLE” states “If you want the peace of mind knowing that your accounts will ALWAYS be re-allocated when the Navigator Team makes a change in the models, this program is for you.” NMM manages on a discretionary basis approximately 600 clients’ portfolios that generally follow one of the newsletters’ model portfolios.

18. The Sector Rotation (NAVFX) website, controlled by Respondents, and the Navigator Newsletters also contained materially false or misleading statements concerning the performance of Grimaldi’s model portfolios. For example, the following chart frequently

appeared in the Navigator Newsletters directly adjacent to solicitations to invest with NMM and Sector Rotation (NAVFX):

The Money Navigator team has been ranked #1 for overall risk/return performance by Hulbert Financial Digest, a Dow Jones Company. All portfolio recommendations will be made by The Money Navigator's Chief Economist Mark Grimaldi. Mark will use his 25 years of experience to guide you to your financial goals. Take a look at the chart below to see how his Navigator growth models have beaten the S&P 500 benchmark since 2001.

NAVIGATOR MODEL PORTFOLIO PERFORMANCE											
NAVIGATOR PORTFOLIO	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	\$100,000 Investment
Capital Appreciation	-2.47%	-5.39%	36.21%	20.72%	15.53%	9.15%	16.06%	-31.25%	24.58%	24.38%	\$236,460.64
Growth & Income	14.06%	-8.89%	31.97%	16.76%	8.66%	9.92%	7.50%	-20.35%	10.68%	7.41%	\$194,645.34
S&P 500 Benchmark	-12.01%	-22.14%	28.50%	10.74%	4.76%	16.60%	5.38%	-37.02%	19.79%	14.91%	\$114,865.19

19. In addition to the newsletters, this advertisement also appeared in a similar form on the Sector Rotation (NAVFX) website. The advertisement was materially misleading in a number of ways:

- The statement that “his Navigator growth models have beaten the S&P benchmark since 2001” is misleading because neither NMM nor Grimaldi had any role in the performance of the model portfolios from 2001 through at least June 2004.
- Neither model “beat[] the S&P 500 benchmark” in 2009, as the newsletter claims. The “S&P 500 benchmark” refers to the Vanguard S&P 500 mutual fund, which had a 2009 annual return of 26.49%, not 19.79% as identified in this chart.

20. Grimaldi also touted the performance of another model, the “capital appreciation model,” on NMM’s Twitter account in March 2011, stating that “the April issue of the Money Navigator will give you an inside look of how I doubled the S&P500 the last 10 years w/o using low cost funds” and “[m]y cap app model has DOUBLED the S&P 500 the last 10 years.” These statements were misleading because Respondents had no involvement in the performance of the capital appreciation model from 2001 through at least June 2004.

2. Advertisements Concerning Past Performance Recommendations

21. Respondents also made materially misleading statements concerning past performance recommendations by NMM in the Navigator Newsletters and on the website www.navigatornewsletters.com that do not comply with Rule 206(4)-1(a)(2) under the Advisers Act. The statements are misleading because they fail to include (i) a list of all recommendations by NMM within the past year with the name of the security and market prices, and (ii) a legend

stating: “it should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list,” as required by that Rule. For example:

a. *Fidelity Navigator*, June 2010, includes a Grimaldi-authored article, stating that on May 5, 2010, Grimaldi decided to sell BIPIX and purchase BTTRX resulting in a “17% net gain” for NMM’s “Private Clients,” compared to newsletter subscribers who only received a “13% net gain” because they did not receive the recommendation until May 6. This advertisement promoting NMM’s services is misleading because it does not mention all of NMM’s recommendations made within the preceding year, including at least two recommendations that resulted in net losses: (i) a February 1, 2010 trade in which Grimaldi recommended a simultaneous sale of BTFTX and purchase of RTPIX, resulting in a 8% net loss; or (ii) a March 17, 2010 trade in which Grimaldi recommended a sale of PRRDX and purchase of DISSX, resulting in a 2% net loss as of the date of the newsletter.

b. An NMM advertisement, signed by Grimaldi as NMM’s “Chief Portfolio Manager” and appearing on the Navigator Newsletters’ website, touts three specific successful past recommendations by NMM, without disclosing other unsuccessful recommendations during the same period: (i) purchasing zero coupon bonds in portfolios in August 2007, claiming that they “outperformed the S&P 500 by more than 45%,” (ii) purchasing Treasury Inflation Protected Securities (TIPS) in January 2008, claiming they “outperformed the S&P 500 by more than 30%,” and (iii) purchasing rising rates/floating rates funds in December 2008, claiming “so far this year this asset class has outperformed the S&P 500 by more than 38%.”

G. Morningstar Ratings

22. From February 2009 through 2013, websites controlled by Respondents, form email correspondence with potential investors in Sector Rotation (NAVFX), and the Navigator Newsletters all advertised NMM’s services and Sector Rotation (NAVFX) while proclaiming that NMM was a “five-star (Morningstar) money manager.” This is materially misleading because (i) Morningstar rates mutual funds, not investment advisers; and (ii) since February 2009, NMM has not been the investment manager of any mutual fund rated five stars by Morningstar. Indeed, Sector Rotation (NAVFX) has never been rated higher than three stars by Morningstar for its three-year performance in Morningstar’s Moderate Allocation category. Respondents had no reasonable basis for these statements and, indeed, in January 2012, Morningstar notified Grimaldi that their statements were inaccurate and unauthorized.

H. NMM’s Policies and Procedures

23. NMM’s written policies and procedures were not reasonably designed or implemented to ensure that the Navigator Newsletters and other advertisements provided to prospective and existing investors did not contain any false or misleading information. The policies and procedures concerning advertisements simply parroted the Commission’s rule governing advertisements by investment advisers. NMM did not have any written policies and procedures specifically tailored to prevent advertisements in newsletters, client correspondence,

or other communications with clients (e.g., Twitter or websites) from violating the Commission's rules for advertisements by investment advisers or mutual funds.

I. Violations

24. As a result of the conduct described above, NMM willfully violated Section 17(a) of the Securities Act, which prohibits any person in the offer or sale of securities from, directly or indirectly, (1) employing any device, scheme, or artifice to defraud, (2) obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or (3) engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser. Among other things, Respondents made statements that failed to comply with Rule 482, which requires specific disclosures for performance advertisements by investment companies.

25. As a result of the conduct described above, Grimaldi willfully violated, aided and abetted and caused NMM's violations of Section 17(a) of the Securities Act.

26. As a result of the conduct described above, NMM willfully violated Section 206(1) of the Advisers Act, making it unlawful for any investment adviser, directly or indirectly, to employ any device, scheme, or artifice to defraud any client or prospective client, and Section 206(2) of the Advisers Act, making it unlawful for any investment adviser, directly or indirectly, to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

27. As a result of the conduct described above, NMM willfully violated Section 206(4) of the Advisers Act, which makes it unlawful for an investment adviser, directly or indirectly, to engage in any act, practice or course of business which is fraudulent, deceptive or manipulative. NMM willfully violated Section 206(4) of the Advisers Act by violating several rules under the Advisers Act, including Rule 206(4)-8, which prohibits (1) an investment adviser from making any untrue statement of a material fact or omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading to any investor or prospective investor in the pooled investment vehicle, and (2) any fraudulent, deceptive, or manipulative act, practice, or course of business by an investment adviser to any investor or prospective investor in a pooled investment vehicle. NMM also willfully violated Rule 206(4)-1(a)(2), which, *inter alia*, makes it unlawful for an advertisement published by an investment adviser to refer, directly or indirectly, to any past specific recommendations that were profitable to any person without providing a complete list of all recommendations made within the immediately preceding period of at least one year. NMM also willfully violated Rule 206(4)-1(a)(5), which makes it unlawful for an investment adviser, directly or indirectly, to distribute an advertisement which contains any untrue statement of a material fact, or which is otherwise false and misleading.

28. As a result of the conduct described above, Grimaldi willfully violated, aided and abetted and caused NMM's violations of Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rules 206(4)-1(a)(2), 206(4)-1(a)(5), and 206(4)-8 thereunder.

29. As a result of the conduct described above, Respondents willfully violated Section 34(b) of the Investment Company Act, which makes it unlawful for any person to make any untrue statement of a material fact or to omit to state any fact necessary in order to prevent the statements made, in the light of the circumstances under which they were made, from being materially misleading in any registration statement, application, report, account, record, or other document the keeping of which is required pursuant to section 31(a) of the Investment Company Act, including advertisements for investment companies. Among other things, Respondents made statements in advertisements that did not satisfy the requirements of Rules 482(d) and 482(g) under the Securities Act, which require advertisements containing performance data to include the average annual total return, the “length of and the last day of the period for which performance is measured,” and to be “as of the most recent practicable date.” Rule 34b-1 under the Investment Company Act deems any advertisement that omits information specified by Rules 482(d) and 482(g) to be materially misleading; consequently, Respondents’ advertisements about Sector Rotation’s (NAVFX) performance were materially misleading.

30. As a result of the conduct described above, NMM willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which requires, among other things, that registered investment advisers adopt and implement written policies and procedures reasonably designed to prevent violations, by the investment adviser and its supervised persons, of the Advisers Act and its rules.

J. Respondents’ Remedial Efforts

31. In determining to accept the Offers, the Commission considered certain remedial acts undertaken by Respondents.

K. Undertakings

Respondents have undertaken to:

32. Procedures and Controls. Establish internal procedures and controls reasonably designed to ensure the accuracy of Respondents’ representations regarding NMM, Sector Rotation (NAVFX), and NMM’s trading recommendations to any investor or potential investor, including those on their websites, Twitter accounts, and correspondence with clients and potential clients.

33. Independent Consultant.

a. Respondents shall retain, within sixty (60) days of the entry of this Order, 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 NMM.

b. Respondents shall require that the Independent Consultant perform annual reviews (“Reviews”) of NMM’s internal controls, policies and procedures, performance representations, and advertising materials for compliance with the Advisers Act and the Investment Company Act for a period of three years, with the first review as of December

31, 2013 the second review as of December 31, 2014, and the final review as of December 31, 2015.

c. Respondents shall require that the Independent Consultant review all advertising materials for compliance with the Advisers Act and the Investment Company Act through December 31, 2015, before such advertising materials are published, circulated, or distributed.

d. Respondents shall provide to the Commission staff, within thirty (30) days of retaining the Independent Consultant, a copy of an engagement letter detailing the Independent Consultant's responsibilities, which shall include the Reviews to be made by the Independent Consultant as described in this Order.

e. Respondents shall require that, within forty-five (45) days from the end of each annual review, the Independent Consultant shall submit a written and dated report of its findings to NMM and to the Commission staff (the "Report"). Respondents 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 NMM's policies and procedures and/or disclosures to investors, and a procedure for implementing the recommended changes in or improvements to NMM's policies and procedures and/or disclosures.

f. Respondents shall adopt all recommendations contained in the Report within sixty (60) days of the date of the receipt of the Report; provided, however, that within forty-five (45) days after the date of the applicable Report, Respondents shall in writing advise the Independent Consultant and the Commission staff of any recommendations that NMM considers to be unduly burdensome, impractical, or inappropriate. With respect to any recommendation that Respondents consider unduly burdensome, impractical or inappropriate, NMM 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. As to any recommendation with respect to NMM policies and procedures on which Respondents and the Independent Consultant do not agree, Respondents 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 Respondents and the Independent Consultant, Respondents shall require that the Independent Consultant inform Respondents and the Commission staff in writing of the Independent Consultant's final determination concerning any recommendation that Respondents consider to be unduly burdensome, impractical, or inappropriate. Respondents shall abide by the determinations of the Independent Consultant and, within sixty (60) days after final agreement between Respondents and the Independent Consultant or final determination by the Independent Consultant, whichever occurs first, Respondents shall adopt and implement all of the recommendations that the Independent Consultant deems appropriate.

g. Within ninety (90) days of Respondents' adoption of all of the recommendations in a Report that the Independent Consultant deems appropriate, as determined pursuant to the procedures set forth herein, Respondents shall certify in writing to the Independent Consultant and the Commission staff that Respondents 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 Robert J. Keyes, Associate Regional Director, New York Regional Office, Securities and Exchange Commission, 200 Vesey Street, New York, New York, 10281, or such other address as the Commission staff may provide.

h. Respondents shall cooperate fully with the Independent Consultant and shall provide the Independent Consultant with access to such of NMM's files, books, records, and personnel as are reasonably requested by the Independent Consultant for review; provided that Respondents may satisfy its obligation to provide access to the Independent Consultant by physical delivery of documents to the Independent Consultant by email, ftp site and phone calls with personnel, and the Independent Consultant shall not be required to conduct on-site inspections of NMM's offices unless the Independent Consultant determines that an on-site inspection is necessary to perform its duties, in which case Respondents shall cooperate with the Independent Consultant to arrange a reasonable on-site inspection.

i. To ensure the independence of the Independent Consultant, Respondents: (1) 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 staff; and (2) 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. Respondents 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 enter into any employment, consultant, attorney-client, auditing or other professional relationship with NMM, 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 NMM, 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.

k. Respondents shall not be in, and shall not have an attorney-client relationship with the Independent Consultant and shall not seek to invoke the attorney-

client privilege or any other doctrine or privilege to prevent the Independent Consultant from transmitting any information, reports, or documents to the staff of the Commission.

1. For good cause shown, the Commission 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.

34. Notice to Advisory Clients.

a. Within ten (10) days of the entry of this Order, Respondents shall post prominently on the home page of each website the text of the Commission's litigation release concerning this Order, with a hyperlink to the entire Order. Respondents shall maintain the posting and hyperlink on their websites for a period of twelve (12) months from the entry of this Order.²

b. Within thirty (30) days of the entry of this Order, Respondents undertake to mail or-email a copy of NMM's Form ADV, which incorporates the paragraphs contained in Section III of this Order, to each of NMM's existing advisory clients as of the entry date of this Order, and specify that the entire Order will be posted on the homepage of NMM's website.

35. Respondents shall certify, in writing, their 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 Respondents agree to provide such evidence. The certification and supporting material shall be submitted to Robert J. Keyes, Associate Regional Director, New York Regional Office, Securities and Exchange Commission, 200 Vesey Street, New York, New York, 10281, or such other address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Enforcement Division, 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 to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 203(e), 203(f) and 203(k) of the Advisers Act, and Sections 9(b) and 9(f) of the Investment Company Act, it is hereby ORDERED that:

² Respondents shall post this information to the homepage of any website under their control, including www.navigatormoney.com, www.navigatormoney.com, www.moneynavigatoronline.com, and www.navfx.com.

A. Respondent NMM cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rules 206(4)-1(a)(2), 206(4)-1(a)(5), 206(4)-7, and 206(4)-8 promulgated thereunder, and Section 34(b) of the Investment Company Act.

B. Respondent Grimaldi cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rules 206(4)-1(a)(2), 206(4)-1(a)(5), and 206(4)-8 promulgated thereunder, and Section 34(b) of the Investment Company Act.

C. Respondents NMM and Grimaldi are censured.

D. Respondent Grimaldi shall pay a civil penalty of \$100,000 to the United States Treasury, plus post judgment interest. Payment shall be made in the following installments: \$35,000 within fourteen (14) days of the entry of this Order; \$35,000 within one-hundred and eighty (180) days of the entry of this order; and a final payment of \$30,000, plus any remaining balance, within three hundred and sixty (360) days of the entry of this Order. Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post judgment interest, which accrues pursuant to 31 U.S.C. §3717 on any unpaid amounts due after fourteen (14) days of the issuance of this Order. Prior to making the final payment set forth herein, Respondents shall contact the staff of the Commission for the additional amount due for the final payment. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance, plus any additional interest accrued pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application. Solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the allegations in the Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents under this Order is a debt for the violation by Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). Payment must be made in one of the following ways:

- (1) Grimaldi 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) Grimaldi 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 Grimaldi 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 Robert J. Keys, Associate Regional

Director, New York Regional Office, Securities and Exchange Commission, 200 Vesey Street, New York, New York, 10281, or such other address as the Commission staff may provide.

E. Respondents shall comply with the undertakings enumerated in paragraphs 32 through 35, above.

By the Commission.

Elizabeth M. Murphy
Secretary