

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 73216 / September 25, 2014**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3937 / September 25, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16167**

**In the Matter of**

**RANDAL KENT HANSEN**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 15(b) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**  
**AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Randal Kent Hansen.

**II.**

After an investigation, the Division of Enforcement alleges that:

1. Randal Kent Hansen (“Hansen”), of Sioux Falls, South Dakota, was the owner and principal of RAHFCO Management Group, LLC (“RAHFCO”). RAHFCO, a Delaware limited liability company, with its principal place of business in Sioux Falls, South Dakota, served as the general partner of RAHFCO Funds LP and RAHFCO Growth Fund LP (collectively the “RAHFCO Hedge Funds”). Hansen solicited investments in the RAHFCO Hedge Funds and received transaction based compensation for doing so. In addition, Hansen controlled the RAHFCO Hedge Funds, including directing the funds’ investments, and received a management fee from each account for doing so.

2. On January 22, 2014, Hansen was convicted of twenty-one counts of mail fraud in violation of Title 18 United States Code, Section 1341, four counts of wire fraud in violation of Title 18 United States Code, Section 1343, and one count of conspiracy to commit wire fraud and mail fraud in violation of Title 18 United States Code, Section 1349, before the United States District Court for the District of South Dakota, in *United States v. Randal Kent Hansen*, Case

No. 4:13CR40053-1. On May 19, 2014 and June 10, 2014, judgment in the criminal case was entered against Hansen. He was sentenced to a prison term of 108 months followed by three years of supervised release and ordered to make restitution in the amount of \$17,514,258.89.

3. The counts of the indictment under which Hansen was convicted alleged, *inter alia*, that from March, 2006 to May, 2011 Hansen, operating the RAHFCO Hedge Funds as a Ponzi scheme, engaged in a scheme to defraud investors and obtain money by means of materially false and fraudulent pretenses, representations, and promises, and that he used the United States Postal Service and other interstate carriers and made interstate wire communications in furtherance of the scheme.

4. While committing his criminal offenses, Hansen acted as an unregistered broker-dealer by raising money and soliciting investors to purchase securities in the form of the limited partnership interests in the RAHFCO Hedge Funds. He participated in the offering at key points, received and handled investor funds, and held himself out as the intermediary between investors and the funds. He regularly participated in securities transactions by raising large amounts of money for the RAHFCO Hedge Funds through extensive solicitation of investors. He received transaction-based compensation in the form of fees based on a percentage of the profits from securities transactions.

5. In addition, while committing his criminal offenses, Hansen acted as an investment adviser in connection with his management of the RAHFCO Hedge Funds through RAHFCO. RAHFCO, as the General Partner, was responsible for the management and investment decisions of the funds. Hansen controlled all of the funds' operations and activities and exercised primary responsibility for researching, selecting, and monitoring the funds' investments. RAHFCO and Hansen received from the RAHFCO Hedge Funds a management fee charged to each RAHFCO Fund investor's capital account.

### 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;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. 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 as provided for in the Commission's Rules of Practice.

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.

By the Commission.

Brent J. Fields  
Secretary