

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3751 / January 8, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15671

In the Matter of

PATRICK G. ROONEY,

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 Patrick G. Rooney (“Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Respondent, 51 years old, is the founder, sole owner, and managing partner of Solaris Management LLC (“Solaris Management”), a Delaware limited liability company and unregistered investment adviser. Since 2003, Solaris Management has been the general partner and investment adviser to the Solaris Opportunity Fund, LP (“Solaris Fund”), a Delaware limited partnership and a pooled investment vehicle. The Solaris Fund is not registered as an investment company in reliance on Section 3(c)(1) of the Investment Company Act of 1940. Along with its offshore feeder fund, the Solaris Offshore Fund (“Offshore Fund”), Respondent handled the day-to-day management of the Solaris Fund and the Offshore Fund and made all investment decisions for the funds on behalf of Solaris Management.

B. ENTRY OF THE INJUNCTION

2. On December 19, 2013, a judgment was entered by consent against Respondent enjoining him from future violations of Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rules 206(4)-8(a)(1) and (a)(2) thereunder; Section 17(a) of the Securities Act

of 1933; and Sections 10(b) and 13(d)(1) of the Securities Exchange Act of 1934 and Rules 10b-5 and 13d-1 thereunder, in the civil action entitled Securities and Exchange Commission v. Patrick G. Rooney, et al., Civil Action Number 11-CV-8264, in the United States District Court for the Northern District of Illinois (the “District Court Action”).

3. The Commission’s complaint in the District Court Action alleged, among other things, that Respondent and Solaris Management radically changed the Solaris Fund’s investment strategy, contrary to its offering documents and marketing materials, by becoming wholly invested in Positron Corp. (“Positron”), a financially troubled microcap company. Respondent, who has been Chairman of Positron since 2004 and received salary and stock options from Positron since September 2005, misused the Solaris Fund’s money by investing more than \$3.6 million in Positron through both private transactions and market purchases. Many of the private transactions were undocumented while other investments were interest-free loans to Positron. Respondent and Solaris Management hid the Positron investments and Respondent’s relationship with the company from the Solaris Fund’s investors for over four years and never disclosed Respondent’s conflict of interest to investors. Although Respondent finally told Solaris Fund’s investors about the Positron investments in a March 2009 newsletter, the complaint alleged that Respondent lied in telling them he became Chairman to safeguard the Solaris Fund’s investments. The Solaris Fund’s investments only benefited Positron and Respondent while providing the Solaris Fund with a concentrated, undiversified, and illiquid position in a cash-poor company with a lengthy track record of losses. The Commission’s complaint in the District Court Action further alleged that Respondent and Solaris Management acted knowingly or with reckless disregard for the truth.

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