

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3815 / April 8, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15831

In the Matter of

**JAMES ALEXANDER
SHEPHERD,**

Respondent.

**ORDER INSTITUTING
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 James Alexander Shepherd (“Respondent” or “Shepherd”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) 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, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and 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 Respondent’s Offer, the Commission finds that:

1. Shepherd was the president of Shepherd Capital Management, LLC, an investment adviser registered with the Securities and Exchange Commission from June 2001 until June 2007. Shepherd, 58 years old, is a resident of Pinehurst, North Carolina.

2. On July 11, 2013, Shepherd pled guilty to one count of securities fraud in violation of Title 15 United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5 before the United States District Court for the Western District of North Carolina, in United States v. James Alexander Shepherd, Docket No. 3:13-CR-167 (2013).

3. The Bill of Information containing the count of the securities fraud to which Shepherd pled guilty alleged, among other things, that between 2006 and April 2013, Shepherd defrauded over 100 investors of approximately \$6 million while operating a commodity pool known as the Shepherd Major Play Option Fund L.P. He is alleged to have used investor funds to cover losses in another of his funds, to pay the costs of his investment newsletter, and to fund his lifestyle. The Bill of Information also alleged that Shepherd deceived an accountant into providing independent auditor's reports for the commodity pool by creating false certifications of bank account balances signed by a fictitious bank employee.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Shepherd's Offer.

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

Jill M. Peterson
Assistant Secretary