

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3924 / September 18, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16138

In the Matter of

**STRATEGIC CAPITAL
GROUP, LLC AND N. GARY
PRICE,**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS
PURSUANT TO SECTIONS 203(e) AND
203(k) OF THE INVESTMENT ADVISERS
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 Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), against Strategic Capital Group, LLC (“SCG”), and that cease-and-desist proceedings be, and hereby are, instituted pursuant to Advisers Act Section 203(k) against N. Gary Price (“Price”) (Price and SCG will be referred to collectively herein as “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 Sections 203(e) and 203(k) of the Investment Advisers 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:

Summary

1. Beginning May 3, 2011, registered investment adviser SCG engaged in hundreds of securities transactions with advisory clients on a principal basis through its affiliated registered broker-dealer, RP Capital, LLC ("RP Capital"), without providing prior written disclosure to, or obtaining consent from, the clients. RP Capital purchased fixed-income securities from other broker-dealers and then resold them at a higher price to SCG clients without SCG disclosing for more than a year that it was acting as principal through RP Capital and without obtaining required transaction-by-transaction consent. In addition, in its Forms ADV Part 1A filed in 2012 and 2013, SCG incorrectly stated that neither it nor any related person engaged in principal transactions. SCG also failed to seek best execution in determining to route its clients' fixed-income transactions to RP Capital.
2. Separately, from approximately August 2010 to March 2011, SCG provided prospective clients advertisements that contained false and misleading claims and disclosures about the performance of SCG's investment model. The advertisements were also publicly available on SCG's website for at least a month. In the advertisements, SCG claimed the performance returns portrayed were "historical" for SCG's investment model when, in fact, the majority of the results were hypothetical because they were based in part on the use of indexes rather than SCG's actual investment recommendations.
3. As a result, SCG violated the antifraud, principal transactions, advertising, compliance and reporting provisions of the Advisers Act.
4. N. Gary Price, SCG's Chief Executive Officer, and its Chief Compliance Officer until September 2012, failed to implement SCG's compliance policies and procedures that were reasonably designed to prevent violations of the Advisers Act. Price also signed the untrue Forms ADV filed by SCG in 2012 and 2013 without verifying that information contained in the Forms ADV was correct. As a result, Price caused SCG's violations.

Respondents

5. SCG is a Washington limited liability company with its principal place of business in Gig Harbor, Washington. SCG has been registered with the Commission as an investment adviser since 2004. Price owns 50% of SCG and since its inception has been its Chief Executive Officer. As of January 31, 2014, SCG had assets under management of approximately \$482 million in approximately 1,428 accounts. According to its Form ADV, Part 2A dated March 31, 2014, SCG is

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.

in the process of transitioning its clients to a different registered investment adviser with whom Price is associated and indirectly has a minority ownership interest. When that transition is complete, SCG will cease to provide investment advisory services.

6. N. Gary Price, age 45, resides in Gig Harbor, Washington. Price owns 50% of each of SCG and RP Capital. During the relevant period, Price served as Chief Executive Officer of SCG and, until September 2012, was its Chief Compliance Officer as well. Price also is a managing member and registered representative of RP Capital. Price has held Series 7 and 63 securities licenses since 1993, Series 24 since 1996, and Series 31 since 2001.

Other Relevant Entity

7. RP Capital is a Washington limited liability company with its principal place of business in Gig Harbor, Washington, and operates at the same premises as SCG. RP Capital has been registered with the Commission as a broker-dealer since 2005. Price owns 50% of RP Capital. Since May 2011, the majority of fixed-income trades for SCG clients have been executed by RP Capital.

Facts

Through Its Affiliate RP Capital, SCG Engaged in Improper Principal Transactions

8. SCG's policies and procedures manual defined principal transactions as "transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client." The manual also stated "[a]s a fiduciary and under the anti-fraud section of the Advisers Act, principal transactions by advisers are prohibited unless the adviser 1) discloses its principal capacity in writing to the client in the transaction and 2) obtains the client's consent to each principal transaction before the settlement of the transaction." It further stated that SCG's policy was to "NOT engage in any principal transactions."

9. In May 2011, SCG began using RP Capital, its affiliated broker-dealer, which was under common control with SCG, to execute the majority of transactions for its clients in fixed-income investments such as municipal and corporate bonds. SCG and RP Capital are both owned 50% by Price and 50% by Price's business partner. Price is Chief Executive Officer of SCG and managing member and associated person of RP Capital. SCG and RP Capital share office space at SCG's main office.

10. In each fixed-income transaction, RP Capital purchased bonds from other broker-dealers for its own account at its clearing broker, marked up the price of the bonds, and then transferred the bonds to an account for the benefit of SCG's clients at the custodian, where the bonds were ultimately allocated to individual SCG client accounts. RP Capital received revenue on the transactions based on the difference between the price RP Capital paid for the bonds and the higher price at which it sold them to SCG clients.

11. Until September 2012, SCG did not disclose to its clients that, through its affiliated broker-dealer, RP Capital, (which was under common control with SCG) it had been acting as principal in fixed-income trades. In September 2012, after an examination by Commission staff and continuing until February 2013, SCG disclosed that it was acting as principal in fixed-income trades, and it obtained retroactive consent from clients for principal transactions that had occurred previously. In February 2013, SCG began obtaining transaction-by-transaction consent in advance of each principal transaction with a client.

12. From May 2011 through January 2013, SCG's owners, including Price, received net profits of \$368,459 from 1,156 principal transactions with SCG clients executed through RP Capital that were not prospectively disclosed and/or approved.

SCG Falsely Claimed in Its Forms ADV that It Did Not Engage in Principal Transactions

13. SCG's Forms ADV Part 1A filed with the Commission on March 29, 2012 and April 1, 2013 stated in Item 8 that neither it nor any related person engaged in principal transactions. During that time, SCG was engaging in principal transactions through RP Capital, its affiliated broker-dealer, which was under common control with SCG. Price signed the Forms ADV as SCG's Chief Executive Officer.

SCG Failed to Seek Best Execution in that It Failed to Evaluate Unaffiliated Broker-Dealers and Failed to Adequately Monitor RP Capital's Execution of Fixed-Income Transactions for SCG Clients

14. SCG's policies and procedures manual stated that the firm "has a fiduciary and fundamental duty to seek best execution for client transactions." The manual also stated that SCG's Investment Committee had "responsibility for monitoring our firm's trading practices, gathering relevant information, periodically reviewing and evaluating the services provided by broker-dealers, the quality of executions, research, commission rates, and overall brokerage relationships, among other things." Also, Part 2A of SCG's March 2012 Form ADV stated that SCG may recommend the use of RP Capital "provided SCG can meet its fiduciary obligation of best execution."

15. However, some members of SCG's Investment Committee were not aware that they had responsibility for carrying out these best execution procedures.

16. Until 2010, SCG relied on relatively large, national broker-dealers to execute fixed-income transactions for its clients. Beginning in 2010, SCG started working with a registered representative of a smaller broker-dealer to execute those transactions. In 2011, this registered representative became associated with RP Capital. At around that time, SCG began using RP Capital to execute fixed-income transactions. SCG was under common control with RP Capital, and Price was 50% owner and an associated person of RP Capital. Even though Price stood to benefit from SCG client trades routed to RP Capital, SCG did not evaluate similar, but unaffiliated, broker-dealers to determine whether they could provide SCG's clients better execution for fixed-income transactions.

17. Until August 2012, SCG did not implement the provisions of its compliance policies and procedures that required it to monitor, or periodically review and evaluate, RP Capital's execution of fixed-income transactions for SCG clients.

SCG Disseminated Misleading Performance Advertising

18. SCG's policies and procedures manual required any advertisement to be "truthful and accurate" and prohibited any advertisements that "may be misleading, fraudulent, deceptive, and/or manipulative." The manual gave the Chief Compliance Officer responsibility for implementing and monitoring the policy. All advertisements were to be reviewed and approved, which was to be documented by initialing and dating the materials.

19. In August 2010, SCG created two advertisements that were false and misleading, and failed to document approval of them. The first advertisement claimed to show the purported "historical" performance of its model investment allocation (the "Company Profile"). The second advertisement described purported historical returns of its equities model (the "SCG Equity Investments"). An SCG financial analyst calculated the performance data for both advertisements, and the analyst and a compliance officer drafted disclosures that were included in them. The advertisements were disseminated to potential clients in "intro kits" used to market SCG's services to prospective clients. For a period of at least a month, the advertisements were also publicly available on SCG's website.

20. The Company Profile contained purported historical performance numbers for 1998 through 2011. The March 31, 2011 Company Profile claimed that SCG's model achieved a 220.79% return compared to a 60/40 S&P and bond mix return of 64.57% during the period. The performance results in the Company Profile were compiled from several sources, but the majority of those sources did not include actual SCG client performance.

21. The results portrayed in the Company Profile were purportedly calculated, in part, based on SCG's allocation of a portion of its model portfolio to a municipal bond ladder. But the Company Profile did not disclose that the returns for the municipal bond ladder portion of the Company Profile were based on the returns of an index, and not the actual, historical returns achieved by SCG's recommendations during the specified period. Nor did the Company Profile disclose that the index data did not reflect mark-ups, mark-downs, or other transaction costs that ordinarily would be incurred.

22. A portion of the model portfolio described in the Company Profile was allocated to a hedge fund of funds that an adviser affiliated with SCG managed. Although the fund of funds was created in 2003, the Company Profile disclosure stated that "results for the period of January 1, 1998 through June 30, 2003 are based on the historical returns and weightings of our underlying Fund Managers." This statement was false. In fact, the 1998 and 1999 returns were compiled using a hedge fund index, which reported returns of 16.95% and 20.33%, respectively, for those years.

23. The SCG Equity Investments advertisement did not disclose that the results portrayed were gross of fees, and thus did not reflect the impact of SCG's advisory fees on the performance results advertised. This omission caused the SCG Equity Investments advertisement to materially overstate the performance of SCG's model equity portfolio.

SCG Failed to Implement Certain Compliance Procedures and Price Caused Those Compliance Violations

24. In addition to being Chief Executive Officer and 50% owner of SCG and RP Capital, Price was SCG's Chief Compliance Officer until September 2012. SCG's policies and procedures manual stated that Price "ha[d] the overall responsibility and authority to develop and implement the firm's compliance policies and procedures and to conduct an annual review to determine their adequacy and effectiveness in detecting and preventing violations of the firm's policies, procedures or federal securities laws."

25. SCG's compliance manual contained policies and procedures that were reasonably designed to prevent SCG's several violations of the Advisers Act. For example, the manual prohibited principal transactions, including through an affiliated broker-dealer. The manual also set forth procedures for analyzing and monitoring best execution and contained detailed procedures for approving advertising, including initialing and dating of approved materials. Yet SCG failed to implement these policies and procedures.

26. By failing to carry out his responsibility as Chief Compliance Officer to implement these policies and procedures, Price caused SCG's compliance failures.

Violations

27. As a result of the conduct described above, SCG willfully² violated Section 206(2) of the Advisers Act, which prohibits an investment adviser from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon a client or prospective client. Proof of scienter is not required to establish a violation of Section 206(2) of the Advisers Act but, rather, may rest on a finding of simple negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 195 (1963)).

28. As a result of the conduct described above, SCG willfully violated Section 206(3) of the Advisers Act, which prohibits an investment adviser from, directly or indirectly, "acting as principal for his own account, knowingly to sell any security or to purchase any security from a client . . . without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction."

² A willful violation of the securities laws means merely "that the person charged with the duty knows what he is doing." *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

29. As a result of the conduct described above, SCG willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-1(a)(5) thereunder. Section 206(4) prohibits investment advisers from engaging in “any act, practice, or course of business which is fraudulent, deceptive or manipulative,” as defined by the Commission by rule. Rule 206(4)-1(a)(5) thereunder makes it unlawful for any registered 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.

30. As a result of the conduct described above, SCG willfully violated, and Price caused SCG’s violations of, Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which, among other things, makes it unlawful for any registered investment adviser to provide investment advice to clients unless it implements written policies and procedures reasonably designed to prevent violation, by the adviser and its supervised persons, of the Advisers Act and the rules that the Commission has adopted under the Act. A violation of Section 206(4) and the rules thereunder do not require scienter. *Steadman*, 967 F.2d at 647.

31. As a result of the conduct described above, SCG willfully violated, and Price caused SCG’s violations of, Section 207 of the Advisers Act, which makes it unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission, or willfully to omit to state in any such application or report any material fact which is required to be stated therein.

Respondents’ Remedial Efforts

32. In determining to accept the Offers, the Commission considered remedial acts promptly undertaken by Respondents and cooperation afforded the Commission staff.

Undertakings

Respondent SCG has agreed to the following undertakings:

33. **Independent Compliance Consultant.** Respondent SCG has undertaken:

a. to hire, within 30 days of the Order, an Independent Compliance Consultant not unacceptable to the staff of the Commission. Respondent SCG shall require the Independent Compliance Consultant to review the Respondent SCG’s compliance program, including its policies relating to advertising, best execution, and principal transactions. Respondent SCG shall cooperate fully with the Independent Compliance Consultant and shall provide the Independent Compliance Consultant with access to any of its files, books, records and personnel as reasonably requested for review; provided, however, that Respondent SCG need not provide access to materials as to which Respondent SCG may assert a valid claim of the attorney-client privilege. The Independent Compliance Consultant shall maintain the confidentiality of any materials and information provided by Respondent SCG, except to the extent such materials or information are included in the Report described below;

b. to require that, at the conclusion of the review, which in no event shall be more than 120 days after the date of the Order, the Independent Compliance Consultant shall submit a Report to Respondent SCG and the staff of the Commission. The Report shall include a description of the review performed, the conclusions reached, the Independent Compliance Consultant's recommendation for changes in or improvements to policies and procedures, and a procedure for implementing the recommended changes in or improvements to the procedures;

c. to adopt all recommendations contained in the Report of the Independent Compliance Consultant; provided, however, that within 15 days after receipt of the Report, Respondent SCG shall in writing advise the Independent Compliance Consultant and the staff of the Commission of any recommendations that it considers to be unnecessary or inappropriate. With respect to any recommendation that Respondent SCG considers unnecessary or inappropriate, Respondent SCG 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;

d. that as to any recommendation with respect to the policies and procedures of Respondent SCG on which Respondent SCG and the Independent Compliance Consultant do not agree, such parties shall attempt in good faith to reach an agreement within 30 days after Respondent SCG's receipt of the Independent Compliance Consultant's Report. In the event Respondent SCG and the Independent Compliance Consultant are unable to agree on an alternative proposal acceptable to the staff of the Commission, Respondent SCG will abide by the determinations of the Independent Compliance Consultant; provided, however, that Respondent SCG may petition the Commission staff for relief from the recommendation;

e. that Respondent SCG (i) shall implement the Independent Compliance Consultant's recommendations in accordance with the above subparagraphs within 180 days of the date of the Order; (ii) shall not have the authority to terminate the Independent Compliance Consultant without the prior written approval of the staff of the Commission before the completion of the Report; (iii) shall compensate the Independent Compliance Consultant, and persons engaged to assist the Independent Compliance Consultant, for services rendered pursuant to the Order at their reasonable and customary rates; (iv) shall not be in and shall not have an attorney-client relationship with the Independent Compliance Consultant and shall not seek to invoke the attorney-client or any other doctrine or privilege to prevent the Independent Compliance Consultant from transmitting any information, reports, or documents to the staff of the Commission;

f. to require the Independent Compliance Consultant to enter into an agreement that provides that for the period of engagement and for a period of two years from completion of the engagement, the Independent Compliance Consultant shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with Respondent SCG, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity. The agreement will also provide that the Independent Compliance Consultant will require that any firm with which he/she is affiliated or of which he/she is a member, and any person engaged to assist the Independent Compliance Consultant in performance of his/her duties under this Order shall not, without prior written consent of the staff of the Commission, enter into any

employment, consultant, attorney-client, auditing or other professional relationship with Respondent SCG, 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 years after the engagement; and

g. to preserve for a period of not less than five (5) years from the date of the Order, the first two years in an easily accessible place, any record of Respondent SCG's compliance with the undertakings set forth in this paragraph.

34. Order Notification. Within ten (10) days of the entry of this Order, SCG shall post prominently on the homepage of SCG's website a summary of this Order in a form and location acceptable to the Commission staff, with a hyperlink to the entire Order. SCG shall maintain the posting and hyperlink on SCG's website for twelve (12) months from the entry of this Order. Within thirty (30) days of the entry of this Order, SCG shall provide a copy of the Order to each of SCG's existing advisory clients as of the entry of this Order via mail, email, or such other method as may be acceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission staff. For purposes of this paragraph, existing advisory clients of SCG shall include any clients SCG has caused or is causing, as of thirty (30) days after entry of this Order, to terminate their advisory relationship with SCG so that they may become clients of a different investment adviser in which Price, directly or indirectly, has an ownership interest. Furthermore, for twelve (12) months from the entry of this Order, to the extent that SCG is required to deliver a brochure to a client and/or prospective client pursuant to Rule 204-3 under the Advisers Act, SCG shall also provide a copy of this Order to such client and/or prospective client at the same time that SCG delivers the brochure.

35. Certifications of Compliance by Respondent. SCG shall certify, in writing, compliance with the undertaking(s) set forth above. The certification shall identify the undertaking(s), 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 SCG agrees to provide such evidence. The certification and supporting material shall be submitted to Erin Schneider, Assistant Regional Director, Asset Management Unit, San Francisco Regional Office, 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.

36. Deadlines: For good cause shown, Commission staff may extend any of the procedural dates relating to the undertakings in Paragraphs 33-35. 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 the last day.

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, pursuant to Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that:

- A. Respondent SCG cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(3), 206(4) and 207 of the Advisers Act, and Rules 206(4)-1(a)(5) and 206(4)-7 promulgated thereunder.
- B. Respondent Price cease and desist from committing or causing any violations and any future violations of Sections 206(4) and 207 of the Advisers Act, and Rule 206(4)-7 promulgated thereunder.
- C. Respondent SCG is censured.
- D. Respondent SCG shall pay disgorgement and prejudgment interest as follows:
 - a. SCG shall pay disgorgement of \$368,459, consistent with the provisions of this Subsection D. Within ten (10) days of the entry of this Order, SCG shall deposit the full amount of the disgorgement (the “Disgorgement Fund”) into an escrow account acceptable to the Commission staff and SCG shall provide the Commission staff with evidence of such deposit in a form acceptable to the Commission staff. In addition, within (10) days of the entry of this Order, SCG shall pay prejudgment interest of \$17,831.50 to the Commission for transmittal to the United States Treasury, in the manner provided in Subsection E. below. If timely deposit of the Disgorgement Fund or timely payment of the prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.
 - b. SCG shall be responsible for administering the Disgorgement Fund. SCG shall pay applicable portions of the Disgorgement Fund to affected current and former advisory clients who paid mark ups on principal transactions effected through RP Capital, pursuant to a disbursement schedule (the “Disbursement Schedule”) that has been reviewed and approved by the Commission staff, in accordance with this Subsection D. No portion of the Disgorgement Fund shall be paid to any client account in which SCG or Price has a financial interest. Any such funds shall be transferred to the Commission for transfer to the United States Treasury in accordance with Subsection E. below. For any current and former advisory client that is due an amount totaling less than ten dollars (\$10.00), where such amount cannot be credited to a current client account at SCG, SCG shall instead pay such amount to the Commission for transfer to the United States Treasury in the manner provided in Subsection E. below.
 - c. SCG shall, within sixty (60) days from the entry of this Order, submit a proposed Calculation to the Commission staff for its review and approval that identifies, at a minimum: (i) the name and account number of each affected advisory client; (ii) the exact amount of the payment to be made to such client; and (iii) a

description of the relevant principal transactions and mark ups on principal transactions effected through RP Capital. SCG shall also provide to the Commission staff such additional information and supporting documentation as the Commission staff may request for the purpose of its review. In the event of one or more objections by the Commission staff to SCG's proposed Calculation and/or any of its information or supporting documentation, SCG shall submit a revised Calculation for the review and approval of the Commission staff and/or additional information or supporting documentation within ten (10) days of the date that SCG is notified of the objection, which revised Calculation shall be subject to all of the provisions of this Subsection D.

- d. SCG shall complete the transmission of all amounts otherwise payable to affected advisory clients pursuant to the Disbursement Schedule within sixty (60) days of the entry of this Order, unless such time period is extended as provided for in Subsection D.j. below.
- e. If SCG does not distribute or return any portion of the Disgorgement Fund for any reason, including an inability to locate an affected advisory client or any factors beyond SCG's control, or if SCG has not transferred any portion of the Disgorgement Fund to a client because that client is due less than \$10.00, SCG shall transfer any such undistributed funds to the Commission for transmittal to the United States Treasury after the final accounting provided for in this Subsection D.h. is approved by the Commission. Any such payment shall be made in accordance with Subsection E. below.
- f. SCG shall be responsible for any and all tax compliance responsibilities associated with the Disgorgement Fund and may retain any professional services necessary. The costs and expenses of any such professional services shall be borne by SCG and shall not be paid out of the Disgorgement Fund.
- g. Within one hundred and eighty (180) days after the date of entry of this Order, SCG shall submit for Commission approval a final accounting of the disposition of the Disgorgement Fund. The final accounting shall be on a standardized accounting form to be provided by the Commission staff and shall include, but not limited to: (i) the amount paid to each payee; (ii) the date of each payment; (iii) the check number or other identifier of money transferred; (iv) the date and amount of any returned payment; and (v) any amounts to be forwarded to the Commission for transfer to the United States Treasury. In addition, SCG shall provide to Commission staff a cover letter representing that all of the requirements of this Subsection D. have been completed and that the information requested has been accurately reported to the Commission (the "certification"). Also included in the certification should be a description of any efforts to locate a prospective payee whose payment was returned or to whom payment was not made for any reason.

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 SCG or Price 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 Marshall Sprung, Co-Chief, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, Los Angeles Regional Office, 5670 Wilshire Blvd., 11th Floor, Los Angeles, CA 90036.

F. Respondent SCG shall comply with the undertakings enumerated in Section III, paragraphs 33-35, above.

By the Commission.

Jill M. Peterson
Assistant Secretary