

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

**SECURITIES ACT OF 1933**

**Release No. 9708 / January 23, 2015**

**SECURITIES EXCHANGE ACT OF 1934**

**Release No. 74120 / January 23, 2015**

**INVESTMENT ADVISERS ACT OF 1940**

**Release No. 4005 / January 23, 2015**

**ADMINISTRATIVE PROCEEDING**

**File No. 3-16354**

**In the Matter of**

**David B. Havanich, Jr.,  
Carmine A. DellaSala,  
Matthew D. Welch, Richard  
Hampton Scurlock, III,  
RTAG Inc. d/b/a Retirement  
Tax Advisory Group, Jose F.  
Carrio, Dennis K. Karasik,  
Carrio, Karasik & Associates,  
LLP, and Michael J. Salovay,**

**Respondents.**

**ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTION 8A OF THE SECURITIES ACT  
OF 1933 AND SECTIONS 15(b) AND 21C  
OF THE SECURITIES EXCHANGE ACT  
OF 1934 AND SECTIONS 203(e) AND (f) OF  
THE INVESTMENT ADVISERS ACT OF  
1940**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against David B. Havanich, Jr. (“Havanich”), Carmine A. DellaSala (“DellaSala”), and Matthew D. Welch (“Welch”), that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act against Richard Hampton Scurlock, III (“Scurlock”), RTAG Inc. d/b/a Retirement Tax Advisory Group (“RTAG”), Jose F. Carrio (“Carrio”), Dennis K. Karasik (“Karasik”), Carrio, Karasik & Associates, LLP (“CKA”), and Michael J. Salovay (“Salovay”), Section 203(f) of the

Investment Advisers Act of 1940 (“Advisers Act”), as to Scurlock and Karasik, and Section 203(e) of the Advisers Act as to RTAG (collectively “Respondents”).

## II.

After an investigation, the Division of Enforcement alleges that:

### A. RESPONDENTS

1. Havanich is 48 years old and resides in Jupiter, Florida. He was the co-founder, president, and director of Diversified Energy Group, Inc. (“Diversified”) and is the president and director of St. Vincent de Paul Childrens Foundation Inc. (“St. Vincent”), a non-operating, non-profit corporation.

2. DellaSala is 54 years old and resides in Jupiter, Florida. DellaSala was the co-founder, vice president of business development, and director of Diversified and is the vice president and director of St. Vincent. DellaSala previously held a series 3 commodities license at various times between 1988 and 2002 while associated with 10 different commodities firms. In addition, DellaSala previously was a registered representative of SEC-registered broker dealers Meyers Pollock Robbins, Inc. and Joseph Charles & Assoc., Inc. between February 1997 and May 1997. The state of Kansas issued a cease-and-desist order against DellaSala as president of Apex Petroleum, Inc. (“Apex”) in December 1995 in connection with the offer and sale of Apex securities. In the Matter of Apex Petroleum, Inc., et. al, Docket No. 96E046 (December 20, 1995).

3. Welch is 34 years old and resides in Gainesville, Florida. He was the vice president of investor relations of Diversified and is a board member of St. Vincent. Welch previously held a series 3 commodities license from approximately 2000-2002.

4. Scurlock is 37 years old and resides in Lexington, Kentucky. Scurlock is the owner and president, and therefore an associated person of, RTAG, a Kentucky registered investment adviser. Between 1999 and 2005, in ascending order, Scurlock was a registered representative of SEC-registered broker-dealers IDS Life Insurance Company (“IDS Life”), Ameriprise Financial Services, Inc., Ameritas Investment Corp., and Synergy Investment Group, LLC.

5. RTAG is a Kentucky corporation and a Kentucky registered investment adviser. Scurlock is the owner and president of RTAG.

6. Carrio is 49 years old and resides in York, Pennsylvania. He is the co-founder and 50% owner of CKA, a limited liability partnership doing business in Baltimore County, Maryland. Carrio was not registered as a broker-dealer nor associated with a registered broker-dealer during the relevant period. Between 1989 and 2006, in ascending order, Carrio was a registered representative of SEC-registered broker-dealers First Investors Corporation, The Prudential Insurance Company of America, Pruco Securities Corporation, Equity Services, Inc., and New England Securities. On April 1, 2014 the Securities Division of the Office of the Maryland Attorney General (“Maryland AG”) issued a consent order against Carrio in connection

with his offer and sale of Diversified's bonds ordering that he cease and desist from violating certain of Maryland's anti-fraud and registration statutes and that he pay a \$1,499,315.87 penalty which was waived based on his sworn financial statements. The consent order also permanently barred Carrio from engaging in the securities or investment advisory business in Maryland. In the Matter of Jose F. Carrio et al. (Case No. 2012-0463).

7. Karasik is 59 years old and resides in Reisterstown, Maryland. He is the co-founder and 50% owner of CKA. Between 1984 and 2013, in ascending order, Karasik was a registered representative of SEC-registered broker-dealers NEL Equity Services Corporation, MML Investors Services, Inc., VIP Financial Companies, Inc., Equity Services Inc., New England Securities, Multi-Financial Securities Corporation, and H. Beck, Inc. Between 2009 and 2013, Karasik was an investment adviser representative of, and associated with, first Multi-Financial Securities Corporation and later H. Beck, Inc, both dually registered as broker-dealers and investment advisers. Karasik was also a party to the Maryland AG consent order and received the same sanctions and waiver of penalty as Carrio and CKA. In the Matter of Jose F. Carrio et al. (Case No. 2012-0463).<sup>1</sup> On July 8, 2014, by consent, FINRA imposed a bar from association with any FINRA member firm against Karasik in connection with Karasik's offer and sale of Diversified's bonds. Dennis Keith Karasik, Letter of Acceptance, Waiver and Consent, No. 2012034750401 (Jul. 8, 2014).

8. CKA is a limited liability partnership doing business in Baltimore County, Maryland. CKA states it is an independent financial services firm for wealth management issues. Carrio and Karasik each own 50% of CKA. CKA was not registered as a broker-dealer or an investment advisor during the relevant period. CKA was also a party to the Maryland AG consent order and received the same sanctions and waiver of penalty as Carrio and Karasik. In the Matter of Jose F. Carrio et al. (Case No. 2012-0463).

9. Salovay is 43 years old and resides in Pittsburgh, Pennsylvania. Salovay's current employment status is unknown. Between 1997 and 2007, in ascending order, Salovay was a registered representative of SEC-registered broker-dealers IDS Life, American Express Financial Advisors Inc., Metropolitan Life Insurance Company, Metlife Securities Inc., First Security Investments, Inc., Midsouth Capital, Inc., Nations Financial Group, Inc. and Natcity Investments, Inc. In October 2008, he settled an action with FINRA related to his failure to disclose material information on a Form U4 by agreeing to a nine-month suspension and a \$5,000 fine.

## B. OTHER RELEVANT ENTITIES

1. Diversified was a Delaware corporation founded by Havanich and DellaSala in 2006 and located in Tequesta, Florida. Diversified was dissolved on April 28, 2014. Diversified represented that it was primarily engaged in the business of buying and selling fractional interests in oil and gas producing properties and commodities trading in the futures market. Diversified filed nine Form Ds with the Commission between 2007 and 2012 claiming exemptions under Rules 504 and 506 of the Securities Act for approximately \$19 million in stock and bonds in nine purportedly separate offerings but did not file Forms D for an additional

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<sup>1</sup> In addition, the Maryland consent order revoked Karasik's Maryland investment adviser representative registration.

\$8 million in stock and bonds in five other purported separate offerings. Diversified has never been registered with the Commission nor registered any offering of securities under the Securities Act or a class of securities under the Exchange Act.

### C. SUMMARY

1. Between 2006 and 2012, Diversified and its principal officers, Havanich, DellaSala, and Welch, raised at least \$17.4 million from approximately 440 investors nationwide through a series of fraudulent, unregistered offerings of stock and bonds. Diversified represented that it was primarily engaged in the business of buying and selling fractional interests in oil and gas producing properties and also engaged in commodities trading in the futures market. Ultimately, as its disclosed use of proceeds expanded, Diversified used a portion of the investor funds to buy fractional interests in oil and gas wells, cattle, a hydrogen device that purported to increase gas mileage on vehicles, trade commodities contracts, and invest in real estate. Diversified, Havanich, DellaSala, and Welch made material misrepresentations and omissions about Diversified's financial performance and use of industry experts and technologies in Diversified's offering material and correspondence to investors. Havanich, DellaSala, and Welch also touted their affiliation with a charity organization in Diversified's offering materials but that charity never had any substantive charitable activities.

2. Starting in 2009, Diversified also hired unregistered sales agents to sell Diversified's bonds paying them commissions of 5% or 10% of the investor proceeds. Diversified and DellaSala employed the unregistered sales agents to raise money for Diversified even after receiving an email and other correspondence from Diversified's outside counsel detailing the limits on Diversified's use of unregistered sales agents. Diversified's top grossing independent sales agents were (1) Scurlock and his state registered investment advisory firm RTAG, (2) Carrio, Karasik, and their limited liability partnership CKA, and (3) Salovay. Collectively, they earned approximately \$985,000 in transaction-based compensation in connection with their sales activities.

### D. OFFER AND SALE OF UNREGISTERED SECURITIES

1. Beginning in 2006 and continuing through approximately 2008, Diversified submitted to potential investors one or more versions of a private placement memoranda ("PPM"), offering to sell Diversified common stock at per share prices ranging from 20 cents to \$1.55 (the "Stock Offerings").

2. As a result of the Stock Offerings, Diversified raised approximately \$910,304 from 160 investors both inside and outside the State of Florida.

3. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the Stock Offerings.

4. No exemption from registration existed with respect to the Stock Offerings.

5. Between 2006 and 2008, there was no period of six months or more in which there was no offer or sale of Diversified's stock.

6. Beginning in approximately 2009 and continuing through 2012, Diversified submitted to potential investors various versions of a brochure, PPM, and business plan as part of offers to sell Diversified bonds with maturities between 12 and 24 months and paying annual interest rates between 8% and 10.25% (the “Bond Offerings”). Some of the bonds included an option to purchase Diversified common stock.

7. As a result of the Bond Offerings, Diversified raised approximately \$16.5 million from 280 investors both inside and outside the State of Florida.

8. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the Bond Offerings.

9. No exemption from registration existed with respect to the Bond Offerings.

10. Between 2009 and 2012, there was no period of six months or more in which there was no offer or sale of Diversified’s bonds.

11. DellaSala, Havanich, and Welch participated in the Stock Offerings and the Bond Offerings by undertaking the offerings, by drafting and reviewing the brochures and business plans, reviewing and approving the PPMs, engaging sales agents to sell the bonds, facilitating Diversified’s website, participating in presentations to potential investors, and soliciting potential investors for at least one stock offering using “lead lists.” In addition, Havanich and DellaSala touted Diversified’s securities on radio broadcasts, where Havanich appeared under his own name and DellaSala appeared under the alias “Jim Clark.”

E. DIVERSIFIED AND DELLASALA’S USE OF UNREGISTERED SALES AGENTS

1. Starting in April 2009, Diversified had a formal contract, titled Finder’s Fee Agreement (“Finders agreement”) that it used to employ unregistered sales agents to act as commissioned sales agents.

2. The unregistered sales agents solicited investors and received a commission of either 5% or 10% from Diversified based on the amount invested.

3. Diversified participated in the unregistered sales agents’ solicitation of investment in Diversified bonds by entering into written agreements with the unregistered sales agents, paying them a commission, and supplying them with brochures, PPMs, and business plans relating to Diversified bonds. DellaSala participated in the unregistered sales agents’ solicitation of investment in Diversified bonds by paying them commissions in his role as a principal of Diversified.

4. In connection with their efforts to obtain purchasers for Diversified bonds, the unregistered sales agents used the mails or means or instrumentality of interstate commerce.

5. The unregistered sales agents were either not associated with any registered brokers or dealers or were engaged in sales activities that occurred outside and without the knowledge of the broker-dealers with which they were associated.

F. THE UNREGISTERED SALES AGENTS' INVOLVEMENT IN THE SALE OF DIVERSIFIED'S BONDS

1. Scurlock and RTAG

a. Scurlock entered into a Finders agreement with Diversified in December 2009. That agreement stated Scurlock would be paid a 5% commission for each investor that purchased Diversified's bonds although in practice he was actually paid a 10% commission.

b. While RTAG did not enter into a Finders agreement with Diversified, starting in February 2012, Diversified paid commissions to RTAG instead of directly to Scurlock.

c. Between January 2010 and March 2012, Scurlock recommended Diversified's bonds to RTAG's clients and other investors, provided and discussed offering materials with prospective investors, highlighted the risks associated with the Diversified investment to prospective investors, assisted prospective investors with completing paperwork necessary for an investment in Diversified bonds, fielded investor inquiries, and handled investor funds.

d. Scurlock and RTAG collectively received approximately \$448,000 in transaction-based compensation for selling Diversified bonds to approximately 50 investors while not registered as a broker-dealer or associated with a registered broker-dealer.

2. Carrio, Karasik, and CKA

a. In November 2009, Carrio entered into a Finders agreement with Diversified that paid him a 10% commission for each investor that purchased Diversified's bonds.

b. While Karasik and CKA did not enter into Finders agreements with Diversified, starting in December 2010, Carrio and CKA began equally sharing Diversified commissions. Karasik received either all or a supermajority of the Diversified commissions paid to CKA as some of the commissions were used to pay CKA expenses.

c. Between December 2009 and March 2012 Carrio, Karasik, and CKA recommended the bonds to CKA clients, provided prospective investors with offering documents, discussed the returns of the bond offerings with prospective investors, weighed in on the merits of the bond investment, provided and directed prospective investors to complete the paperwork necessary for an investment in the bonds, and, as to Karasik and CKA, handled investor funds.

d. Carrio, Karasik, and CKA collectively received approximately \$434,974 in transaction-based compensation for selling Diversified's bonds to approximately 40 investors.

e. Between December 2009 and March 2012, Carrio and CKA were not registered as broker-dealers or associated with a registered broker-dealer.

f. Between December 2010 and March 2012, Karasik's activities occurred outside and without the knowledge of the broker-dealers with which he was associated during the relevant time.

### 3. Salovay

a. Salovay entered into a Finders agreement with Diversified in July 2009. That agreement provided that Salovay would be paid a 10% commission for each investor that purchased Diversified bonds.

b. Between August 2009 and March 2012, Salovay recommended Diversified's bonds to his insurance clients, provided and discussed offering materials with prospective investors, highlighted the risks associated with the Diversified investment to prospective investors, assisted prospective investors with completing paperwork necessary for an investment in the bonds, fielded investor inquiries, and handled investor funds.

c. Salovay received approximately \$101,790 in transaction-based compensation for selling Diversified's bonds to approximately 20 investors while not registered as a broker-dealer or associated with a registered broker-dealer.

## G. MISREPRESENTATIONS AND OMISSIONS TO INVESTORS

During the course of the Bond Offerings, Diversified, Havanich, DellaSala, and Welch made numerous false and misleading statements and omissions, many of which are described below. At the time these statements and omissions were made, Diversified, Havanich, DellaSala, and Welch either knew, or should have known, or were severely reckless in not knowing their false and misleading nature.

### 1. Misrepresentations and Omissions Concerning Diversified's Financial Performance

a. The PPMs Respondents distributed beginning in 2009 and continuing through 2010 list "Operating Deficits" as one of several risk factors, stating: "The expenses of operating the Company may exceed its income, thereby requiring that the difference be paid out of the Company's capital, reducing the Company's investments and potential for profitability." Diversified omitted disclosures regarding Diversified's current or past profitability, stating only that "[a]dditional financial information is available on a confidential basis upon request." In fact, Diversified's incurring of losses was not a mere contingency. To the contrary, Diversified had suffered steadily rising losses from its inception, as described below:

YEAR	NET INCOME (LOSS)
2006	(31,200)
2007	(257,975)
2008	(564,347))
2009	(672,749)
2010	(1,114,901)

b. While Diversified’s October 2011 PPM disclosed that Diversified had recently sustained losses, omitted the five-year history of losses.

c. In addition, Diversified’s brochures paint a rosy picture of the company, claiming consistently over a three-year period of deepening insolvency that its bonds would produce “reliable monthly cash flow,” were backed by “continually growing” assets, and were “[s]uperior to traditional fixed income instruments,” while omitting that Diversified’s survival depended upon its ability to borrow greater and greater sums.

d. In a brochure distributed in 2009 to prospective bond purchasers:

i. Diversified claimed one of Diversified’s “Revenue Sources” was a “Hedge Account (for asset protection),” which earned an average monthly return on investment of 14.73%.

ii. Diversified represented that as of June 2009, Diversified had \$2,126,269 in “Oil and Gas Assets,” and that its “Asset Allocation” was 39% “Oil and Gas Acquisition” and 61% “Hedging Portfolio,” implying that its Hedging Portfolio was worth \$3,325,703.

iii. Diversified presented a bar chart comparing the three year returns of the “Trading Strategy History” with the returns on the “S&P.” According to the chart, the trading strategy returned 82.70% in 2006, 138.70% in 2007, and 29.4% in 2008, for a three year average of 83.60%.

e. In brochures distributed in 2010, Diversified included a chart showing Diversified’s “4 YR Average Strategy History” producing an average annual return of 90.9%.

f. In brochures distributed in 2010 and 2011, Diversified included a chart showing Diversified’s “5 YR Average Strategy History” producing an average annual return of 79.4%

g. As Diversified, Havanich, DellaSala, and Welch knew, the representations in the brochures distributed in 2009 and 2010 were false and misleading as to material matters. In fact, in 2006 and 2007, Diversified had no hedging assets and had engaged in no commodities trading. In 2008, Diversified never had more than \$6500 in hedging assets and Diversified’s portfolio had an annual return of -95%. During June 2009, Diversified had far less



than \$3,325,703 in its hedging portfolio—during this period the value of the Diversified portfolio ranged from \$38,000 to \$75,000.

h. On March 30, 2010, Welch signed and sent to at least 9 individuals in Pennsylvania who had bought Diversified bonds a letter stating: “Due to the tremendous demand for [Diversified] Bonds, and the favorable financial position in which the company finds itself, management has decided to ‘call’ the existing bonds and is providing you a complete repayment” of principal and interest. This statement was false and misleading:

i. as of March 30, 2010, Diversified was not in a “favorable” financial condition but had been suffering significant and increasing losses since its inception;

ii. Diversified was not calling all of its bonds, as the letter implied, but rather was only calling bonds sold to some Pennsylvania investors; and

iii. Diversified’s motivation for calling the bonds was not related to the demand for Diversified’s bonds or Diversified’s financial condition; rather, Diversified called the bonds because Pennsylvania regulatory authorities had raised questions regarding the legality of Diversified’s sale of bonds to Pennsylvania residents.

i. Within approximately one month, several of the Pennsylvania investors reinvested their returned capital and some later invested additional funds.

2. Misrepresentations Concerning Diversified’s Use of Industry Experts and Technologies

a. In business plans distributed to prospective investors between 2006 and 2011, Diversified stated, “Diversified will from time to time retain the advice and recommendation of experts based on the prospects we are looking at. . . . [T]he company will look to hire the best qualified individuals to evaluate each new prospect before we make an investment.”

b. In business plans distributed to prospective investors between at least 2009 and 2011, Diversified stated, “[t]he key is working with *our geologists* and industry partners to find the best prospects that meet the companies risk to reward ratio.” (emphasis added).

c. Diversified’s website stated that its business strategy includes, among other things, acquiring “proven producing properties which meet the standards of management and *our independent reservoir engineering firm.*” (emphasis added).

d. In several 2009 and 2010 versions of Diversified’s investor power point presentations, shown at investor summits in various cities and led by Havanich, DellaSala, and Welch, Diversified included the names of an independent geologist and a reservoir engineering firm as part of its “independent team.”

e. In a business plan provided to a mid-2009 investor, Diversified stated, “[w]e utilize advanced 3-D seismic imaging, drilling and completion technologies to systematically evaluate domestic onshore oil and natural gas reserves.” Later Diversified business plans utilized similar language until late 2010 when the language was ultimately changed to read, “...Diversified Energy Group focuses its acquisition and development activities in provinces where we believe technology and the knowledge of our technical staff can effectively maximize return and reduce risk....”

f. Diversified stated in each of its marketing brochures that it had “[a]n Experienced Location and Acquisition Team boasting a proven track record with such companies as Chesapeake Energy, Marathon Oil, Union Pacific, Hess and Torch Energy, to name a few.”

g. The foregoing statements were false and misleading. In fact:

i. Diversified did not hire geologists or a reservoir engineering firm as represented to evaluate the oil and gas wells in which it invested. Diversified made at least 93 separate investments in at least 44 oil and gas prospects between 2006 and 2011, the majority of which were in producing oil and gas wells. While Diversified did retain a geologist in early 2007, that geologist only provided Diversified with 15 reports related to *non-producing* oil and gas prospects and it did not retain an independent reservoir engineering firm in connection with any of its investments;

ii. Diversified never had 3-D seismic imaging, drilling and completion technologies;

iii. Diversified did not have a technical staff; and,

iv. DellaSala, Havanich, and Welch were the sole members of Diversified’s “location and acquisition team” and they had never worked with any of the major energy companies listed in the brochures.

#### H. HAVANICH, DELLASLA, AND WELCH TOUTED THEIR AFFILIATION WITH ST. VINCENT

1. In September 2006, shortly before the start of Diversified’s capital raising activities, Havanich and DellaSala created St. Vincent. St. Vincent has no relationship to the St. Vincent de Paul Catholic voluntary organization.

2. In Diversified’s business plans, Diversified described St. Vincent as “a non-profit corporation to benefit children in need around the world,” and described DellaSala and Havanich as officers and directors of St. Vincent, and Welch as member of St. Vincent’s board.

3. St. Vincent never raised any money for children or had any substantive charitable activities.

## I. VIOLATIONS

1. As a result of the conduct described above, Havanich, DellaSala, and Welch violated Sections 5(a) and (c) of the Securities Act, which makes it unlawful for any person, directly or indirectly, to sell or to offer to sell a security for which a registration statement is not filed or not in effect or there is not an applicable exemption from registration.

2. As a result of the conduct described above, Havanich and DellaSala violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, or, in the alternative, as to Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, caused Diversified's violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

3. As a result of the conduct described above, Welch violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

4. As a result of the conduct described above, Welch caused Diversified's violations of Section 17(a)(2) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

5. As a result of the conduct described above, Scurlock, RTAG, Carrio, Karasik, CKA, and Salovay willfully violated Section 15(a) of the Exchange Act, which makes it unlawful for any broker or dealer to effect and transactions in, or to induce or attempt to induce the purchase or sale of, any security, unless such broker or dealer is registered or associated with a registered broker-dealer.

6. As a result of the conduct described above DellaSala caused the unregistered sales agents' violations of Section 15(a) of the Exchange Act, which makes it unlawful for any broker or dealer to effect and transactions in, or to induce or attempt to induce the purchase or sale of, any security, unless such broker or dealer is registered or associated with a registered broker-dealer.

## 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 and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Scurlock, RTAG, Carrio, Karasik, CKA, and Salovay pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

C. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, DellaSala should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 5 and 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, whether DellaSala should be ordered to pay a civil penalty pursuant to Section 8A(g) of the Securities Act and Section 21B(a) of the Exchange Act, and whether DellaSala should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act and Sections 21B(e) and 21C(e) of the Exchange Act;

D. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Havanich and Welch should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 5 and 17(a) of the Securities Act, Sections 10(b) of the Exchange Act and Rule 10b-5 thereunder, whether Havanich and Welch should be ordered to pay a civil penalty pursuant to Section 8A(g) of the Securities Act and Section 21B(a) of the Exchange Act, and whether Havanich and Welch should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act and Sections 21B(e) and 21C(e) of the Exchange Act;

E. Whether, pursuant to Section 21C of the Exchange Act, Scurlock, RTAG, Carrio, Karasik, CKA, and Salovay should be ordered to cease and desist from committing or causing violations of and any future violations of Section 15(a) of the Exchange Act, whether Scurlock, RTAG, Carrio, Karasik, CKA, and Salovay should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act, and whether Scurlock, RTAG, Carrio, Karasik, CKA, and Salovay should be ordered to pay disgorgement pursuant to Section 8A(e) of the Securities Act and Sections 21B(e) and 21C(e) of the Exchange Act;

F. What, if any, remedial action is appropriate in the public interest against Scurlock and Karasik pursuant to Section 203(f) of the Advisers Act;

G. What, if any, remedial action is appropriate in the public interest against RTAG pursuant to Section 203(e) 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 not earlier than 30 days and not later than 60 days from service of this Order 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 Respondents 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 Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them 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 Respondents 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 300 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