

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9771 / May 12, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 74940 / May 12, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4082 / May 12, 2015

INVESTMENT COMPANY ACT OF 1940
Release No. 31600 / May 12, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16535

In the Matter of

PAUL TABET,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE AND
CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTION 21C OF
THE SECURITIES EXCHANGE ACT OF 1934,
SECTIONS 203(f) AND 203(k) OF THE
INVESTMENT ADVISERS ACT OF 1940 AND
SECTION 9(b) OF THE INVESTMENT
COMPANY 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 Section 8A of the Securities Act of 1933 (“Securities Act”), Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Paul Tabet (“Tabet” or Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent Tabet 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, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company 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 Respondent Tabet's Offer, the Commission finds¹ that:

SUMMARY

1. From approximately October 2010 through September 2012, Tabet and his business partner Craig Berkman ("Berkman") fraudulently raised at least \$9.9 million from approximately 110 investors by selling membership interests in limited liability companies ("LLCs") that Berkman controlled, including several LLCs with the words "Ventures Trust" in their names.

2. Tabet made material misrepresentations to investors that he knew, or was reckless in not knowing, were false. For example, Tabet told investors in Ventures Trust II LLC ("Ventures II"), Ventures Trust III LLC ("Ventures III"), Ventures Trust IV LLC ("Ventures IV"), Ventures Trust V LLC ("Ventures V"), Ventures Trust VI LLC ("Ventures VI"), and Ventures Trust Asset Fund LLC ("Ventures Asset Fund") (collectively, the "Ventures LLCs") that their funds would be used to acquire highly coveted, pre-initial public offering ("pre-IPO") shares of Facebook, Inc., LinkedIn, Inc., Groupon, Inc., and Zynga Inc.

3. Instead of using the investor funds to acquire pre-IPO shares or fund technology ventures, Berkman and Tabet misappropriated most of the offering proceeds. Berkman used investor money to make payments to investors in his earlier investment schemes and to some of the victims of this fraud in Ponzi scheme fashion, including approximately \$5.43 million to satisfy a prior judgment against him and another \$4.8 million to investors who had invested either in this pre-IPO scheme or in other schemes. Berkman also used approximately \$1.6 million to fund his own personal expenses, including large cash withdrawals and dining and travel expenses. Tabet used approximately \$502,368 of investor proceeds to fund his own personal expenses.

4. Of the \$9.9 million raised in the Ventures LLCs, Berkman used \$600,000 to purchase a small interest in an unrelated fund that had acquired pre-IPO Facebook stock. That

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

purchase did not provide any of the Ventures LLCs, or any other company affiliated with Berkman, with ownership of Facebook shares. Berkman and Tabet nevertheless used a forged letter about that investment to falsely represent to investors that Ventures II owned nearly half a million shares of Facebook stock. Upon discovering the forgery, the fund informed Berkman that it was immediately terminating and liquidating the Ventures II interest.

RESPONDENT

5. **Tabet**, age 51, resides in Encinitas, California. At all relevant times, Tabet provided “day-to-day leadership” for the respective managing members of Ventures LLCs.

6. During the time of the events described herein, Tabet acted as an investment adviser and was associated with two investment advisers, Ventures Trust Management LLC (“Ventures Trust Management”) and Ventures Trust Asset Management LLC (“Ventures Trust Asset Management”). Both Tabet and Berkman were responsible for, among other things, the selection of investments and the management of the Ventures LLCs funds.

OTHER RELEVANT PERSONS AND ENTITIES

7. Berkman, age 73, is currently incarcerated in a federal correctional institution in Estill, South Carolina. Berkman has pleaded guilty to criminal conduct relating to the findings in this Order. Specifically, in *United States v. Craig L. Berkman*, Crim. No. 13-CR-00732 (SAS) (S.D.N.Y.) (“Parallel Criminal Action”), Berkman pleaded guilty to violations of Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)], and wire fraud [18 U.S.C. §1343]. In connection with that guilty plea, Berkman admitted, among other things, that:

- (a) From around October 2010 through March 2013, he controlled a series of limited liability companies that solicited money from investors. He told investors that their investments would be used to purchase pre-IPO shares of companies, such as Facebook, LinkedIn, Zynga and others, and they were expected to go public soon;
- (b) In the course of soliciting investments, he made false statements of material fact. For example, he knowingly over-represented the number of Facebook shares his companies controlled; and
- (c) He engaged in further fraud and deceit. He used the money invested with his companies for purposes other than purchasing pre-IPO shares of companies, as he had promised investors. For example, he used close to \$6 million to pay creditors in a bankruptcy proceeding.

Among other things, Berkman was sentenced to 72 months imprisonment, three years supervised release, and was ordered to forfeit \$13,239,006.

On December 13, 2013, the Commission issued an Order finding that Berkman willfully violated, and willfully aided and abetted and caused violations of, Section 17(a) of the Securities Act,

Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

8. **John B. Kern** (“Kern”), age 50, resides in Charleston, South Carolina. Kern is an attorney licensed to practice law in South Carolina and also has an office in the Republic of San Marino. Kern is or was Ventures II’s general counsel. Kern represented Ventures II in the staff’s investigation of this matter.

9. **Ventures II** is a Delaware LLC formed on June 15, 2010. Ventures II purported to have offices in Tampa, Florida, Los Angeles, California, and New York, New York. Ventures II purported to be a private equity firm with a “unique opportunity to purchase discounted shares of Facebook.” The majority of the investor funds at issue were deposited into Ventures II bank accounts and comingled with investor funds initially deposited into accounts held in the names of the other Ventures LLCs.

10. **Ventures Trust Asset Management** is a Delaware LLC formed on March 7, 2007.

11. **Ventures Trust Management** is a Delaware LLC formed on August 8, 2011.

12. **Ventures III** is a Delaware LLC formed on December 28, 2010. Ventures III purported to have offices in Los Angeles, California. It purported to be a private equity firm with a “unique opportunity to purchase discounted shares” and whose “first investment will be made in LinkedIn.”

13. **Ventures IV** is a Delaware LLC formed on January 27, 2011. Ventures IV purported to have offices in Los Angeles, California. Ventures IV purported to be a private equity firm with a “unique opportunity to purchase discounted shares,” whose “first investment will be made in Groupon.” Ventures IV holds a bank account through which Berkman funneled investor funds and whose title is “Ventures Trust IV Groupon.” Berkman was listed as a signatory on the bank account.

14. **Ventures V** is a Delaware LLC formed on January 27, 2011. It also held a bank account through which Berkman funneled investor funds.

15. **Ventures VI** is a Delaware LLC formed on January 27, 2011. It similarly held a bank account through which Berkman funneled investor funds.

16. **Ventures Asset Fund** is a State of Washington LLC formed on January 11, 2007. A portion of the misappropriated investor funds at issue were transferred to Ventures Trust Asset Fund.

17. **Actual Facebook Funds** are two single-purpose, pooled investment vehicles associated with a registered broker-dealer in New York City. The two Actual Facebook Funds both held pre-IPO Facebook stock during the relevant period.

FACTUAL BACKGROUND

Berkman's Prior Securities Violations and Bankruptcy

18. In 2001, the Oregon Division of Finance and Securities issued a cease-and-desist order against Berkman for offering and selling convertible promissory notes without a brokerage license to Oregon residents between 1983 and 1997. Berkman received a \$50,000 fine.

19. In June 2008, an Oregon jury found Berkman liable in a private action for breach of fiduciary duty, conversion of investor funds, and misrepresentation to investors, among other things, arising from Berkman's involvement with a series of purported venture capital funds known as Synectic Ventures (collectively "Synectic"). Berkman's improper use of Synectic funds included more than \$5 million in purported "personal loans" and the misuse of investor funds to cover personal expenses and execute personal stock purchases. The court entered a \$28 million judgment against Berkman ("2008 Oregon Judgment").

20. In March 2009, Synectic filed an involuntary Chapter 7 bankruptcy petition against Berkman in the Middle District of Florida alleging that he owed more than \$15.4 million in unpaid debts arising from the 2008 Oregon Judgment. On August 11, 2010, the court entered three judgments against Berkman totaling nearly \$15 million, plus 9% interest and costs, deemed non-dischargeable in bankruptcy.

21. The parties to the bankruptcy proceeding then reached a settlement in which Berkman was required to pay \$4.75 million in seven installments, beginning on November 30, 2010. After making the first four payments, totaling \$1.5 million, Berkman failed to make the fifth payment, due on March 17, 2011. He defaulted on several subsequent revised payment schedules, which also included 5% annual interest. The Chapter 7 Trustee recommenced adversary proceedings, leading to a further revised settlement agreement with a final payment date of May 11, 2012. On May 9, 2012, Berkman paid the remaining balance of more than \$3.2 million and the pending adversary proceedings against him were dismissed with prejudice.

22. As detailed below, Berkman used a substantial part of the proceeds of his pre-IPO offering fraud (and none of his own money) to pay the Florida bankruptcy claims.

The Ventures Fraud

23. Tabet met Berkman in 2010 and became aware of the circumstances surrounding the entry of the 2008 Oregon Judgment against Berkman. Nevertheless, Tabet entered into a business relationship with Berkman, and then participated in Berkman's fraud involving the Ventures LLCs.

24. From approximately October 2010 through February 2012, Tabet and Berkman made numerous misrepresentations to Ventures LLC investors when offering and selling

membership interests in the various Ventures LLCs, both orally and in writing, including in the formal offering documents.

25. Tabet and Berkman falsely told investors that each of the Ventures LLCs would use their funds to acquire highly coveted, pre-IPO shares in one or more social media companies that were planning IPOs at the time, including Facebook, LinkedIn, Groupon or Zynga. For example, Tabet and Berkman falsely told certain investors that Ventures II was going to purchase pre-IPO Facebook shares and falsely told other investors that Ventures II had already purchased such shares.

26. Tabet and Berkman sent prospective investors offering documents that contained a host of materially false statements.

27. Tabet and Berkman provided investors with at least three different versions of a private placement memorandum (“Memorandum”) for Ventures II and other formal offering materials, all of which contained false statements about acquiring Facebook shares. For example, Tabet provided Memoranda dated November 2010 and September 2011 to certain investors, and Berkman provided a February 2012 Ventures II Memorandum to at least one potential investor. These Memoranda all represent that “investment proceeds will be used to purchase Facebook shares” and that “Facebook shares will be purchased” at various prices per share.

28. Tabet and Berkman also provided investors with the Ventures II operating agreement, which stated that “the purpose of the Company is to acquire Facebook stock.” Tabet and Berkman signed Ventures LLC membership certificates falsely stating that the investor was a “registered holder of one unit invested in Facebook.” Tabet provided these certificates to investors.

29. Berkman signed letters to Ventures II investors acknowledging receipt of their investment proceeds and falsely stating, among other things, that the “investment was used to purchase . . . shares of Facebook stock at a cost basis of [a certain amount] per share.” In addition, Berkman signed Ventures II “Quarterly Reports” and a “Letter of Ownership,” which Tabet provided to investors, falsely stating that their Ventures II investment purchased a specific number of shares of pre-IPO Facebook shares at a specific price. Tabet further provided investors with a Ventures II “Facebook Opportunity Fund Overview,” which falsely stated that their “investment is solely allocated to the purchase of Facebook stock.”

30. Berkman also lied to Ventures II investors about the annual interest rate they would receive. The Ventures II Memoranda and other documents represented that members “will receive a 5% annual simple interest return on the investment until 100% of their principal and accumulated interest has been returned.” Berkman signed a quarterly report falsely stating that the value of the investment had increased, apparently due to the 5% annual interest. Tabet gave the quarterly report to Ventures II investors.

31. Tabet knew, or was reckless in not knowing, that these statements were false because none of the Ventures LLCs owned pre-IPO Facebook, LinkedIn, Groupon or Zynga shares and because he and Berkman were personally misappropriating the investors’ funds.

32. In late 2010, Ventures II used \$600,000 of investor funds to acquire an interest in the Actual Facebook Funds. This acquisition did not entitle Ventures II to the ownership of Facebook shares owned by the Actual Facebook Funds, but it did entitle Ventures II to an approximately 3.19% interest in the Actual Facebook Funds. At most, Ventures II's \$600,000 interest in the Actual Facebook Funds represented an indirect interest equivalent to approximately 22,253 shares of Facebook.

33. In September 2011, Kern asked the Law Firm, counsel to the Actual Facebook Funds, for a letter on the firm's letterhead describing Ventures II's interest in the Actual Facebook Funds and Facebook. In response, an associate at the Law Firm sent a letter with his signature to a purported Ventures II office in Manhattan at an address Kern provided. The letter, dated October 19, 2011, was addressed to Berkman and Tabet. The letter accurately stated that Ventures II held a 3.1899% interest in the Actual Facebook Funds and that the Actual Facebook Funds held an unspecified amount of Facebook shares. The letter did not state that Ventures II actually owned any Facebook shares.

34. The letter was subsequently altered with Berkman's participation, knowledge and consent. The altered version was dated February 22, 2012. It was printed on the Law Firm's letterhead and had a forged version of the Law Firm associate's signature on it. The letter falsely represented that the Actual Facebook Funds "ha[ve] allocated 497,625 shares of Facebook, Inc. in Ventures Trust II LLC[s] capital account."

35. In or prior to February 2012, a prospective investor, who was also a securities attorney, asked Tabet for some assurance that Ventures II had acquired the pre-IPO Facebook shares that Tabet had claimed it acquired. In approximately February 2012, Tabet showed the forged letter to the investor, who then invested \$108,000 in Ventures II. Tabet refused to let the investor retain a copy of the letter.

36. On February 27, 2012, Tabet sent an email to another prospective investor with a copy of the forged letter attached.

37. On March 1, 2012, the Law Firm wrote a letter addressed to Berkman and Tabet. The letter enclosed a copy of the forged letter and stated that the forged letter "constitutes a fraudulent misrepresentation of your participation and interest in" the Actual Facebook Funds, "since your investment represents only 22,253 shares of Facebook, Inc. stock." The letter continued: "[The forged letter] was not drafted, executed or distributed by this law firm, is an unlawful and unauthorized use of this law firm's name and letterhead and contains a forged signature of an attorney at this law firm." The letter further informed Berkman and Tabet that "[y]our misconduct is consistent with a general pattern of deceit" and therefore that Ventures II's interest in the Actual Facebook Funds "is hereby terminated effective as of the dates of your initial investments."

38. On March 9, 2012, Kern, "as counsel to Ventures [II]," wrote back to the Law Firm. Kern's letter claimed that Ventures II "is the victim of some other party's fabrication of the

letter” and “we do not know the source of that letter.” Kern’s letter took issue with the termination of “important legal and economic rights of Ventures [II]” and threatened to file an NASD complaint.

39. On approximately March 12, 2012, a partner at the Law Firm informed Kern by telephone that Ventures II’s \$600,000 interest in the Actual Facebook Funds had been rescinded and that the proceeds would be held in a segregated account to satisfy potential future claims. In other words, Ventures II no longer held even an indirect interest in Facebook shares.

40. Despite Kern’s threats of legal action, neither Kern nor anyone else associated with Ventures II took legal action against the Actual Facebook Funds. The Actual Facebook Funds transferred Ventures II’s interest to another investor and placed the cash proceeds in a segregated account.

41. In total, Tabet and Berkman raised more than \$9.9 million from all the Ventures LLC investors. Of that amount, approximately \$6.56 million was deposited in various Ventures II bank accounts, purportedly to be used to acquire pre-IPO Facebook shares; approximately \$1.68 million was deposited in a Ventures III account, purportedly to be used to acquire pre-IPO LinkedIn shares; approximately \$624,000 was deposited in a Ventures IV account, purportedly to be used to acquire pre-IPO Groupon shares; and approximately \$1.07 million was deposited in a Ventures VI account, purportedly to be used to acquire pre-IPO Zynga shares.

42. Other than \$600,000 that was used to purchase an interest in the Actual Facebook Funds that was subsequently terminated, none of the Ventures LLCs’ investor funds were ever used to purchase pre-IPO shares of Facebook, LinkedIn, Groupon, Zynga, or any other company, as Tabet knew or was reckless in not knowing.

The Misappropriation of Investor Funds

43. None of the statements made by Tabet and Berkman about the use of the funds invested in the Venture LLCs were true. Other than the \$600,000 investment in the Actual Facebook Funds, none of the offering proceeds were used to make any investments at all, much less the purchase of pre-IPO shares in Facebook, LinkedIn, Groupon or Zynga.

44. Tabet received approximately \$502,368 from accounts into which investor funds were deposited. Berkman personally transferred approximately \$5.1 million of investor funds to his personal bank account. Berkman used most of that \$5.1 million, plus a \$925,000 direct transfer from a Ventures LLC account, to pay his judgment creditors in the bankruptcy proceeding.

45. Berkman used the remaining money that he had transferred to his personal account (approximately \$600,000) and another approximately \$1 million taken directly from the Ventures LLC accounts to make large cash withdrawals, pay legal fees, fund his own travel and other personal expenses and make numerous other payments unrelated to the purported business of the Ventures LLCs. For example, Berkman spent approximately \$300,000 on dining, travel, retail and healthcare expenses and withdrew at least another \$165,000 in cash or cash equivalents.

46. The majority of the rest of the offering proceeds, approximately \$4.8 million, was used to make payments to earlier investors in the pre-IPO scheme or, in some cases, to investors in Berkman's prior investment schemes. For example, in 2010 and 2011, Berkman transferred \$400,000 from a Ventures LLC account to two individuals to whom Berkman owed money from investments they had made in unrelated Berkman ventures in approximately 2004.

Misrepresentations To Conceal The Scheme

47. As the end of the lock up period for pre-IPO Facebook stock approached and investors began making requests for their distributions, the fraud began to unravel. In response, Tabet, Berkman, Kern, and others knowingly or recklessly made, or caused to be made, misrepresentations to investors to keep them from learning of the fraud and demanding the return of their funds.

48. For example, in August 2012, Kern wrote and signed a "Memorandum to Investors About Ventures Trust II LLC Efforts to Secure and Protect Interests with Our Trading Counterparties." Kern's memorandum stated that he was writing "to advise [investors] on the status of our efforts to address concerns that have been raised about the integrity of the funds."

48. Kern's memorandum represented that "Ventures Trust II has utilized two separate counterparties in securing the investments in privately held Facebook stock," and that "we are in the process of attempting to secure the transfer of these shares to our own trading account in order to avoid any complications arising out of the counterparty's trading practices."

49. Kern's memorandum represented that with respect to the first counterparty, "which involves approximately 20% of the investment capital of Ventures Trust II in Facebook stock," the counterparty "and its counsel have repeatedly affirmed that it has the requisite shares and reconfirmed to us that we have the securities interests to which we subscribed." The memorandum then suggested that the counterparty may have "more-or-less fabricated" the price of the shares, creating a "collateral issue," but assured investors that Ventures II would "address this in due course on behalf of our investors," if necessary.

50. Kern's memorandum further represented that the second counterparty "holds approximately 80% of our investments in Facebook."

51. The memorandum also stated that Ventures II "is subject to non-disclosure agreements with [both] counterparties which prevent us from disclosing the identity of these New York based groups at this time" and that Ventures II "is not a Ponzi scheme and absolutely and affirmatively rejects this assertion as false and malicious."

52. These statements were false. Tabet knew, or was reckless in not knowing, that these statements were false.

53. In August 2012, Tabet emailed Kern's memorandum to certain investors, with a copy to Berkman. Berkman thereafter told investors that he had decided to liquidate the fund investments and that the funds would soon start making distributions. Tabet knew, or was reckless in not knowing, that such statements were false.

THE RESPONDENT'S LIABILITY

54. As a result of the conduct described above, Tabet, Ventures II, Ventures III, Ventures IV, Ventures V, Ventures VI, Ventures Asset Fund, Ventures Trust Management, and Ventures Trust Asset Management, committed violations of, and Tabet willfully violated, Sections 17(a) of the Securities Act, 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.

55. As a result of the conduct described above, Tabet, Ventures Trust Management and Ventures Trust Asset Management committed violations of, and Tabet willfully violated, Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8, which prohibit fraudulent conduct by an investment adviser.

56. As a result of the conduct described above, Tabet willfully aided and abetted and caused: (a) the violations committed by Ventures II, Ventures III, Ventures IV, Ventures V, Ventures VI, Ventures Trust Asset Fund, Ventures Trust Management, Ventures Trust Asset Management, of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; and (b) the violations committed by Ventures Trust Management, Ventures Trust Asset Management, of Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8.

IV.

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

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, Sections 203(f) and 203(k) of the Advisers Act and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Tabet shall cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder.

B. Respondent Tabet 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;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter.

C. Any reapplication for association by Respondent Tabet 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.

D. Respondent Tabet shall, within 14 days of the entry of this Order, pay disgorgement of \$502,368 which represents profits gained as a result of the violations described herein, and prejudgment interest of \$30,945. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Respondent Tabet shall also, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$376,776 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment of the foregoing amounts must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

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 Tabet's name 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 Sanjay Wadhwa, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, Suite 400, New York, NY 10281.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary