UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9872 / July 31, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 75577 / July 31, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4152 / July 31, 2015

INVESTMENT COMPANY ACT OF 1940
Release No. 31730 / July 31, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16311

In the Matter of

RELIANCE FINANCIAL ADVISORS, LLC, TIMOTHY S. DEMBSKI and WALTER F. GREnda, JR.,

Respondents.

ORDER MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTIONS 203(e), 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940 AS TO RELIANCE FINANCIAL ADVISORS, LLC AND WALTER F. GREnda, JR.

I.

On December 10, 2014, the Securities and Exchange Commission (“Commission”) deeming it appropriate and in the public interest, instituted public administrative and cease-and-desist proceedings pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(e), 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 Reliance

II.

Respondents have 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 them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order, as set forth below.

III.

On the basis of this Order and Respondents’ Offer, the Commission finds¹ that:

A. SUMMARY

1. Grenda founded and jointly owned Reliance Financial, an investment adviser registered with the Commission, with Timothy S. Dembski (“Dembski”). Grenda made (or used) false and misleading statements to his advisory clients at Reliance Financial in recommending and selling investments in a risky hedge fund—Prestige Wealth Management Fund, LP (“Prestige Fund” or the “Fund”), that Dembski founded along with his long-time friend, Scott M. Stephan (“Stephan”).

2. Dembski and Stephan co-owned Prestige Wealth Management, LLC (“Prestige” or “General Partner”), the General Partner to the Prestige Fund. Grenda described the Prestige Fund’s trading strategy to prospective investors as being fully-automated with all trades being made according to, and by, a computer algorithm (the “Algorithm”).

3. Grenda sold interests in the Prestige Fund exclusively to long-standing clients of his investment advisory services at Reliance Financial, and at its predecessor entity, Reliance Financial Group (“Reliance Group”). As Grenda understood from advising these advisory clients over the years, many of them were retired or near retirement, on fixed incomes, and lacked investment acumen.

4. As Grenda knew or recklessly disregarded, the Prestige Fund was a highly risky investment. Indeed, neither Dembski nor Stephan had any experience in managing a hedge fund and, in Stephan’s case, virtually no investing experience at all.

5. Nonetheless, Grenda knowingly or recklessly made or used false and misleading statements to his advisory clients in order to create the false appearance that an investment in the Prestige Fund was less risky than it really was. For example, Grenda provided his clients with a

¹ The findings herein are made pursuant to Respondents’ Offer of Settlement and are not binding on any other entity or person in this or any other proceeding.
private placement memorandum (the “PPM”) that he knew or recklessly disregarded greatly exaggerated Stephan’s experience in the securities industry.

6. Grenda’s clients trusted him. Thus, at his recommendation, Grenda’s clients invested approximately $8 million in the Prestige Fund. The Prestige Fund started trading in April 2011.

7. The Prestige Fund did not, however, have positive returns as advertised. In approximately October 2012 (approximately 18 months after the Fund started trading), Grenda withdrew his clients from the Prestige Fund. In approximately December 2012, the Prestige Fund collapsed, losing approximately 80% of its value, as a result of Stephan placing manual trades, contrary to the automated trading strategy sold to investors.

8. In addition, between September 2009 and December 2009, Grenda also borrowed $175,000 from two of his advisory clients (a mother and a daughter), telling them that he would use the loan to grow his business. That was not true, as Grenda knew or recklessly disregarded. Instead, Grenda used the money to, among other things, pay personal expenses and debts.

B. RESPONDENTS

9. Reliance Financial Advisors, LLC has been registered with the Commission as an investment adviser since January 2011, and is based in Buffalo, New York. Dembski and Grenda founded and, during the relevant time period, jointly owned Reliance Financial. Reliance Financial is defunct.

10. Walter F. Grenda, Jr., age 57, resides in Buffalo, New York. In January 2011, Grenda co-founded and was Managing Partner at Reliance Financial. Prior to founding Reliance Financial, Grenda provided investment advisory services to individual clients in his role at Reliance Group. In addition, Grenda was a registered representative with a registered broker-dealer (“BD1”) from approximately October 2006 through March 2011, and was a registered representative with a different registered broker-dealer (“BD2”) from approximately September 2011 through July 2013.

C. OTHER RELEVANT PEOPLE AND ENTITIES

11. Timothy S. Dembski, age 42, resides in Lancaster, New York. In January 2011, Dembski co-founded and was Managing Partner at Reliance Financial. Also in early 2011, Dembski co-founded the Prestige Fund and its General Partner, Prestige. Prior to founding Reliance Financial and the Prestige Fund, Dembski provided investment advisory services to individual clients in his role at Reliance Group. In addition, from approximately October 2006 through March 2011, Dembski was a registered representative associated with BD1. From approximately September 2011 to July 2013, Dembski was a registered representative with BD2. Dembski is a respondent in the public administrative and cease-and-desist proceedings that the Commission instituted on December 10, 2014, discussed in Section I., above.

12. Scott M. Stephan, age 40, resides in Hamburg, New York. Stephan co-founded the Prestige Fund and the General Partner in early 2011 and was the Fund’s Chief Investment Officer and sole portfolio manager. Prior to founding the Prestige Fund, Stephan worked at the Reliance
Group and was a registered representative with BD1 from approximately June 2009 through March 2011. Stephan is a respondent in related public administrative and cease-and desist proceedings that the Commission also instituted on December 10, 2014.

13. **Prestige Wealth Management Fund, LP**, was a private investment fund under the Investment Company Act and organized as a limited partnership under Delaware law on November 19, 2010.

14. **Prestige Wealth Management, LLC**, was a limited liability company organized in Delaware on November 12, 2010, and adviser to the Prestige Fund. Dembski and Stephan were the sole members of Prestige (which served as the General Partner to the Prestige Fund), each owning 50%. Prestige charged the Prestige Fund a 2% management fee and a 20% performance fee on an annualized basis. Prestige was not registered with the Commission.

15. **Reliance Financial Group**, was a Buffalo-based investment adviser founded and jointly owned by Dembski and Grenda from 1998 to 2011. Reliance Group was not registered with the Commission. Dembski and Grenda transferred their advisory clients from Reliance Group to Reliance Financial starting in approximately February 2011.

**FACTS**

D. **GRENDA AND DEMBSKI HIRE STEPHAN TO WORK AT RELIANCE GROUP**

16. In approximately April 2007, Grenda and Dembski hired Stephan to work for them at Reliance Group. When Stephan first started working for Grenda and Dembski, Stephan had no professional experience in the securities industry, trading securities, investing, or providing investment advice to others. Virtually all of Stephan’s professional experience to that point had been collecting on—and managing others who collected on—past-due car loans. Grenda knew of (or recklessly disregarded) Stephan’s prior work experience and that he had no experience in securities or investments when he was hired to work at Reliance Group.

17. Grenda and Dembski hired Stephan to assist them with telemarketing efforts for the services they offered at Reliance Group. In that role, Stephan’s job was to locate new investment advisory clients for Grenda and Dembski through, among other things, placing cold calls and arranging sales seminars.

18. At no point, however, did Stephan provide Reliance Group’s clients with investment advice, trade securities, or make investment decisions. At most, Stephan—from time to time—discussed investment ideas with Reliance Group’s college interns, and assisted Grenda with various research tasks.

E. **DEMBSKI AND STEPHAN SET UP THE PRESTIGE FUND**

19. In Summer 2010, Stephan approached Grenda and Dembski about establishing a hedge fund to undertake an automated trading strategy developed by Stephan and coded into an Algorithm. The Algorithm purportedly had the following features:

   a. It operated as a day-trading strategy that would hold no securities overnight;
b. It was designed to automatically buy or sell stocks and interests in Exchange Traded Funds (“ETFs”) at pre-programmed times of the day and according to pre-programmed market signals; and

c. It was supposed to automatically enter a long position on a chosen stock or ETF should it go up approximately 1 to 1.5 percent and it would automatically enter a short position on a chosen stock or ETF should it go down approximately 1 to 1.5 percent. Once in a position, the Algorithm automatically would exit it after a 3 percent gain or a 1 percent loss, respectively.

20. Stephan did not undertake any real-time testing of the Algorithm, for example, by investing funds using its formula to see how it performed under actual market conditions, a fact Grenda knew or recklessly disregarded. At most, Stephan “back tested” the Algorithm, i.e., looked at certain securities trading in the past to see how the Algorithm would have performed had it actually placed trades in those securities over those periods.

21. Neither Dembski nor Stephan had any experience establishing or running a hedge fund or in algorithmic or other automated trading strategies, a fact Grenda also knew or recklessly disregarded after working with them for years. Indeed, as discussed above, Stephan had little-to-no experience managing client funds or making investments.

22. Nonetheless, Dembski and Stephan (without Grenda) decided to set up the Prestige Fund to trade based on the Algorithm. In or about November 2010, Dembski and Stephan established Prestige and the Prestige Fund (the former of which served as General Partner and adviser to the Fund).

23. Grenda recommended the Fund to his advisory clients. He also played an active role in reviewing the fund documents (including the PPM). It was Grenda’s intention and hope that after the Prestige Fund proved successful, Dembski and Stephan would eventually include him as an owner. In anticipation of this, at times he referred to himself in documents and filings as the “president” of, or a “partner” in, the Prestige Fund.

F. GRENDA RECOMMENDS AND SELLS INVESTMENTS IN THE PRESTIGE FUND TO HIS ADVISORY CLIENTS

24. From about February 2011 to March 2012, Grenda raised approximately $8 million selling interests in the Prestige Fund. The Prestige Fund’s investors were comprised of Grenda’s and Dembski’s advisory clients at Reliance Financial and its predecessor entity. Ultimately, Grenda alone procured approximately $8 million in investments from approximately 23 of his advisory clients.

25. To come up with the money to invest in the Prestige Fund, certain of Grenda’s advisory clients had to cash in variable annuities, for which they incurred approximately $290,000 in surrender fees.

26. Grenda had provided investment advice to many of his clients for years prior to their investing in the Prestige Fund. He, therefore, understood his clients’ financial conditions and knew
that many were unsophisticated investors, who were retired or nearing retirement. In addition, as Grenda understood, his clients trusted him to prudently manage their finances.

27. In recommending and selling investments for the Prestige Fund, Grenda told his advisory clients that the Prestige Fund’s trading would be fully automated and directed by the Algorithm.

G. GRENDA MAKES OR DISTRIBUTES MATERIALLY FALSE AND MISLEADING STATEMENTS WHEN RECOMMENDING AND SELLING INVESTMENTS IN THE PRESTIGE FUND

28. In selling the Prestige Fund, Grenda knew or recklessly disregarded: (a) that the Fund was a highly risky investment; (b) that Stephan, who developed the strategy coded into the Algorithm, had no prior experience running an algorithmic trading platform or hedge fund and, indeed, had virtually no experience trading or investing at all; and (c) Grenda’s advisory clients did not know Stephan and, thus, had no reason to trust or invest with him.

29. Nonetheless, Grenda made or disseminated to his advisory clients materially false and misleading statements in order to create the appearance that the Prestige Fund was a relatively safe, in-demand investment, overseen by professional money managers.

30. Prestige Fund’s PPM, dated February 1, 2011, contained the following biography for Stephan:

Scott M. Stephan is co-founder and Chief Investment Officer of the General Partner. He has exclusive responsibility to make the Fund’s investment decisions on behalf of the General Partner. Mr. Stephan has worked in the financial services industry for over 14 years. The first half of his career he co-managed a portfolio of over $500 million for First Investors Financial Services. Afterwards, Mr. Stephan took a position as Vice President of Investments for a New York based investment company in which he was responsible for portfolio management and analysis.

31. The PPM’s description of Stephan’s professional experiences prior to joining Reliance Group as well as his being “responsible for portfolio management and analysis” at Reliance Group were highly misleading, if not outright false. First, as discussed above, Stephan had no experience in the securities industry prior to joining Reliance Group in 2007. From 1999 to 2007, Stephan was responsible for collecting, or managing a group that collected, on past due car loans. This involved managing a group within a debt-collection call center, reaching out to debtors to obtain payment, and recommending cars to be repossessed in the event of non-payment. In that position, Stephan undertook no trading, managed no securities portfolios, provided no investment advice, and made no decisions concerning securities investments. Moreover, Stephan had no responsibility for determining what car loans to purchase and the value of the loans he was responsible for collecting was far less than $500 million.

32. Second, upon joining Reliance Group, Stephan had little-to-no experience selecting or making investments. Indeed, Grenda and Dembski hired him to undertake telemarketing efforts. Stephan received his securities Series 7, 63 and 66 licenses only in 2009 and, even then, he advised
no clients of his own, undertook no trading, and had no control over the portfolios of the Reliance Group’s clients. In fact, Stephan’s only trading experience was investing approximately $1,000 that his father loaned to him in or around 2006 or 2007, which Stephan lost.

33. Grenda knew or recklessly disregarded that Stephan had no prior experience in the securities industry before joining Reliance Group, that Stephan received his securities licenses only in 2009, and that, even at Reliance Group, the so-called “New York based investment company” in the biography, Stephan had a minimal, if any, involvement managing assets, trading securities, or providing investment advice to clients.

34. Grenda knew about Stephan’s professional background prior to joining Reliance Group as well as his role at Reliance Group. Therefore, Grenda—who read and approved the PPM and then gave it to advisory clients when recommending and selling the Prestige Fund to them—knew or recklessly disregarded that Stephan’s biography was false and misleading. Despite this, Grenda failed to inform his advisory clients that Stephan’s biography was false and misleading or otherwise to tell them the truth concerning Stephan’s work experience.

35. Nonetheless, Grenda distributed the PPM to investors and prospective investors in the Prestige Fund.

H. THE PRESTIGE FUND COLLAPSES

36. The Prestige Fund traded using the Algorithm approximately from April 2011 to September 2011. From that point on—because the Algorithm never worked as intended—Stephan stopped using automated trading altogether. Instead, contrary to what investors were told the Prestige Fund’s trading strategy would be, Stephan manually placed trades.

37. Grenda withdrew his clients’ investments from the Prestige Fund in approximately October 2012, which amounted to approximately $320,000 less than their collective initial investments, for total collective losses of about 4%.

38. In December 2012, the Prestige Fund lost approximately 80% of its value as a result of Stephan manually investing and trading in stock options.

I. GRENDA BORROWS MONEY FROM HIS ADVISORY CLIENTS

39. In addition to the above, Grenda also made false and misleading statements and omissions to two advisory clients—a mother and daughter (“Lenders”—in order to borrow approximately $175,000 from them. In or about September 2009, Grenda asked to borrow $100,000 from the Lenders, telling them that he wanted the loan to grow his business. Trusting Grenda, the Lenders wired $100,000 to him on September 11, 2009 from the daughter’s bank account.

40. Grenda did not use the money to grow his business, however. Rather, in the days immediately following the loan, Grenda used a large portion of the money—approximately 50%—to pay personal expenses and debts.
41. In or about December 2009, Grenda requested to borrow more money from the Lenders, again telling them that he wanted the loan to grow his business. Grenda also failed to tell the Lenders that he had used at least a substantial portion of the prior loan for personal expenses. On December 16, 2009, the Lenders wrote a check for an additional $75,000 to Grenda from the daughter’s bank account.

42. Grenda again used a large portion of the money to pay personal expenses and debts. Grenda’s statements to the Lenders that he intended to use the loans to build his business were, therefore, false and misleading as Grenda knew or recklessly disregarded. In or around February 2010, one of the Lenders visited Grenda at his business premises to inquire about the loan and he again told her that he planned to use the money to grow his business.

J. VIOLATIONS

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

44. As a result of the conduct described above, Respondents Reliance Financial and Grenda willfully violated Sections 206(1) and (2) of the Advisers Act, which prohibit an investment adviser from, respectively, “employ[ing] any device, scheme, or artifice to defraud any client or prospective client,” or “engag[ing] in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.”

45. As a result of the conduct described above, Respondent Grenda willfully aided and abetted and caused:

a. Prestige’s violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;

b. Prestige’s violations of Section 206(4) of the Advisers Act, which prohibits an investment adviser from “engag[ing] in any act, practice, or course of business which is fraudulent, deceptive, or manipulative,” and Rule 206(4)-8 thereunder, which prohibits any investment adviser to a pooled investment vehicle from “mak[ing] any untrue statement of a material fact or omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to any investor or prospective investor in the pooled investment vehicle,” or “otherwise engag[ing] in any act, practice or course of business that is fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle”; and

c. Reliance Financial’s 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) and (2) the Advisers Act.
K. **UNDERTAKING**

46. Respondents Reliance Financial and Grenda have undertaken to dissolve Reliance Financial within thirty (30) days upon the issuance of this Order.

47. In determining whether to accept the Offer, the Commission has considered this undertaking. Respondents Reliance Financial and Grenda must certify, in writing, compliance with the undertaking set forth above. The certification shall identify the undertaking, 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 Respondents agree to provide such evidence. The certification and supporting material shall be submitted to Sanjay Wadhwa, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 200 Vesey Street, Suite 400, New York, NY 1028, 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 undertaking.

**COMMISSION FINDINGS**

Based on the foregoing, the Commission finds that Respondents Reliance Financial and Grenda:

A. willfully violated Section 17(a) of the Securities Act;

B. willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; and

C. willfully violated Sections 206(1) and (2) of the Advisers Act.

Based on the foregoing, the Commission also finds that Respondent Grenda willfully aided and abetted and caused:

A. Prestige’s violations of Section 17(a) of the Securities Act;

B. Prestige’s violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;

C. Prestige’s violations of Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder;

D. Reliance Financial’s violations of Section 17(a) of the Securities Act;

E. Reliance Financial’s violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; and

F. Reliance Financial’s violations of Sections 206(1) and (2) of the Advisers Act.
IV.

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

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, Sections 203(e), 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

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

B. Respondent Reliance Financial is censured.

C. Respondent Reliance Financial’s registration as an investment adviser be, and hereby is, revoked.

D. Respondent Grenda 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;

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock;

with the right to apply for reentry after three (3) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

Any reapplication for association by Respondent Grenda 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.

E. Respondent Grenda shall pay disgorgement of $25,000, which represents profits
gained as a result of the conduct described herein, prejudgment interest of
$2,410.91 and civil penalties of $50,000, to the Securities and Exchange
Commission. Payment shall be made in the following installments: $2,150.30 each
and every month, with payment to be received on the 1st of each and every month,
starting in August 2015 and ending in August 2018. If any payment is not made by
the date the payment is required by this Order, the entire outstanding balance of
disgorgement, prejudgment interest, and civil penalties, plus any additional interest
accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall
be due and payable immediately, without further application. Payment 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 Walter F. Grenda, Jr. 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.

Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended (“Fair
Fund distribution”), a Fair Fund is created for the disgorgement, prejudgment
interest and penalties referenced in Section IV.E above. Amounts ordered to be
paid as civil money penalties pursuant to this Order shall be treated as penalties
paid to the government for all purposes, including all tax purposes. To preserve the
deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent’s payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a “Related Investor Action” means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

Is it 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 the Order are true and admitted by Respondent Grenda, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Grenda 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 Grenda 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