

Act”), Sections 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”), and Rule 102(e) of the Commission’s Rules of Practice² against Simon Lesser (“Lesser” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, 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 Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 4C of the Securities Exchange Act of 1934, Section 203(k) of the Investment Advisers Act of 1940, Section 9(b) of the Investment Company Act of 1940, and Rule 102(e) of the Commission’s Rules of Practice, 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’s Offer, the Commission finds³ that:

A. SUMMARY

1. Over a period of four years, Simon Lesser, an audit partner at McGladrey LLP (“McGladrey”), approved McGladrey’s issuance of audit reports containing unqualified opinions that financial statements for several private funds were presented fairly in conformity with Generally Accepted Accounting Principles (“GAAP”) even though the financial statements did not adequately disclose related party relationships or material related party transactions. In particular, the investment adviser to the private funds used fund assets to pay its own adviser-related operating expenses, transferring \$3,452,353 from the funds over the course of four years. These material related party transactions involved related party relationships that GAAP requires be disclosed in financial statements. Despite that requirement, the relationships and transactions were not disclosed in the private funds’ financial statements. Lesser knew about the related party relationships and transactions, but nevertheless gave his final approval for McGladrey to issue audit reports

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . to have engaged in . . . improper professional conduct.

² Rule 102(e)(1)(ii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found...to have engaged in . . . improper professional conduct.

³ 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.

containing unqualified opinions that the private funds' financial statements were presented fairly in conformity with GAAP. The adviser then provided the audited financial statements to the private funds' investors in order to comply with the custody rule under the Advisers Act. Further, in conducting his audit work, Lesser failed to conduct the audits in accordance with many Generally Accepted Auditing Standards ("GAAS"), including failing to have adequate professional skepticism, failing to supervise the audit and failing to adequately document McGladrey's audit work. As a result, Lesser aided and abetted and caused the adviser's violations of the Advisers Act's custody rule and engaged in improper professional conduct within the meaning of Rule 102(e) of the Commission's Rules of Practice.

B. RESPONDENT

2. **Simon Lesser, CPA, CA** ("Lesser"), age 58, resides in Wilmette, Illinois. Lesser is currently a partner at McGladrey, a PCAOB-registered accounting firm, and has worked for McGladrey since 2005. He is a certified public accountant licensed in Illinois and a chartered accountant in England and Wales. At McGladrey, Lesser specializes in audits of entities within the financial services industry, and the majority of his McGladrey clients are private funds.

C. OTHER RELEVANT ENTITIES AND INDIVIDUAL

3. **Alpha Titans LLC** ("Alpha Titans") is a California limited liability company based in Santa Barbara, California. It has been registered with the Commission as an investment adviser since 2007. As a registered investment adviser, Alpha Titans is subject to the custody rule promulgated under Section 206(4) of the Advisers Act and set forth as Rule 206(4)-2 thereunder. Alpha Titans elected to comply with the custody rule by distributing to the private funds' investors annual audited financial statements prepared in accordance with GAAP, and audited by an independent public accountant registered with, and subject to regular inspection by, the PCAOB, within 120 days of the end of the fiscal year. Alpha Titans did not submit to surprise examinations.

4. **Alpha Titans LP**, a Delaware limited partnership, is an onshore hedge fund formed by Alpha Titans' principal in September 2007; Alpha Titans is the general partner. **Alpha Titans, Ltd.** (collectively with Alpha Titans LP, the "Feeder Funds"), a Cayman Islands exempted company, is an offshore hedge fund formed by Alpha Titans' principal in October 2007 and managed by Alpha Titans.

5. **Alpha Titans MF SPC** (the "Master Fund"), a Cayman Islands segregated portfolio company, is a hedge fund formed by Alpha Titans' principal in October 2007. Alpha Titans pools together assets from the Feeder Funds to invest in the Master Fund. Alpha Titans and Alpha Titans' principal control these funds.

6. **Montreux Partners SPC** ("Montreux"), a Cayman Islands exempted segregated portfolio company, and **Trading Solutions Ltd.** ("Trading Solutions"), a Cayman Islands exempted company, are operated by Alpha Titans' principal as special purpose vehicles for use with the Master Fund's investments. Alpha Titans' principal also uses Montreux to pay Alpha Titans' adviser-related operating expenses. Alpha Titans' principal formed Montreux and Trading Solutions in February 2008 and June 2009, respectively, and he controls both entities.

D. FACTS

Background

7. Alpha Titans' principal controls Alpha Titans, the Feeder Funds, the Master Fund, Trading Solutions and Montreux. Limited partners and shareholders invested money in the Feeder Funds. That money then flowed to the Master Fund. The Master Fund purchased equity options from Trading Solutions. Trading Solutions invested that money in Montreux. Ultimately, Montreux used the Feeder Funds' money to invest in unrelated private funds.

8. From August 2009 through 2012, the Master Fund and Montreux used investor money to pay Alpha Titans' operating expenses. In particular, from August 2009 through 2012, the Master Fund paid \$2,004,576 of Alpha Titans' employee salaries and health benefits. Similarly, from October 2009 through 2012, Montreux paid \$1,447,777 of Alpha Titans' operating expenses, including monthly office rent and parking, utility and phone bills, credit card bills, employee salaries and benefits, and other adviser-related operating expenses.

Alpha Titans Did Not Prepare the Feeder Funds' and the Master Fund's Financial Statements in Accordance with GAAP, Which Led Alpha Titans to Violate the Custody Rule

9. Alpha Titans engaged McGladrey as the Feeder Funds' and the Master Fund's independent public accountant to audit their financial statements for the fiscal years ended December 31, 2009, 2010, 2011, and 2012. To comply with the custody rule, Alpha Titans apparently intended to provide the Feeder Funds' limited partners and shareholders with GAAP-compliant financial statements of the Feeder Fund and the Master Fund, pursuant to the custody rule exception found in Advisers Act Rule 206(4)-2(b)(4).

10. GAAP provides disclosure requirements for related party relationships and transactions in financial statements. (*See, generally*, Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 850-10-50) Alpha Titans, the Feeder Funds, the Master Fund, Montreux and Trading Solutions were related parties because Alpha Titans' principal had common control over each entity since Alpha Titans' principal formed and directed all investment activities and operating policies of each entity. (ASC 850-10-20, *et seq.*) This common control allowed Alpha Titans' principal to pay Alpha Titans' adviser-related operational expenses, including employee salaries and related expenses, using money held by Montreux and the Master Fund. This led to operating results of the Feeder Funds and the Master Fund that could have been "significantly different" from those that would have been obtained if Alpha Titans' principal did not have the control and ability to cause these entities to pay Alpha Titans' adviser-related operating expenses. (ASC 850-10-50-6) The Master Fund's and Montreux's payments of Alpha Titans' adviser-related operating expenses were material related party transactions in fiscal years 2009 through 2012.

11. The Feeder Funds' and the Master Fund's audited financial statements for fiscal years 2009 through 2012 were not in compliance with GAAP. In particular, the Feeder Funds' and the Master Fund's audited financial statements for fiscal years 2009 through 2012 did not disclose (i) the related party relationships among Alpha Titans, the Feeder Funds, the Master Fund, Trading Solutions and Montreux, and Alpha Titans' principal's common control of these

entities, and (ii) the material related party transactions concerning the Master Fund's and Montreux's payments of Alpha Titans' adviser-related operating expenses.

12. Neither the Feeder Funds' nor the Master Fund's 2009 financial statements disclosed (i) the related party relationships, (ii) that Montreux paid \$208,712 of related party expenses, and (iii) that \$287,420 of the Master Fund's operating expenses were related party transactions. The 2009 financial statements for the Feeder Funds included a note disclosing (collectively) only \$318 of related party transactions and did not make any disclosure as to the related party relationships. Further, the Master Fund financial statements included operating expenses totaling \$319,823, but did not disclose that \$287,420 (or 90%) was attributable to Alpha Titans' employee payroll and benefits, which were related party transactions. Rather, the notes to the financial statements disclosed only \$1,226 in related party transactions and did not describe the related party relationships.

13. Neither the Feeder Funds' nor the Master Fund's 2010 financial statements disclosed (i) the related party relationships, (ii) that Montreux paid \$361,429 of related party expenses, and (iii) that all of the Master Fund's operating expenses were related party transactions. Instead, the 2010 financial statements for the Feeder Funds included a note indicating there were no related party transactions. For example, in Alpha Titans LP's 2010 financial statements, the note provided "Pursuant to the terms of the Fund's limited partnership agreement, the General Partner is able to pay expenses on behalf of the Fund and subsequently be reimbursed for actual overhead costs and expenses that are directly connected with the management and operations of the Fund. For the year ended December 31, 2010, there was no reimbursement." The Master Fund's financial statements included operating expenses totaling \$634,895, but did not disclose that 100% of it was attributable to Alpha Titans' employee payroll and benefits, which were related party transactions. Rather, the notes to the financial statements disclosed only \$1,043 in related party transactions and did not explain the related party relationships.

14. Neither the Feeder Funds' nor the Master Fund's 2011 financial statements disclosed (i) the related party relationships, (ii) that Montreux paid \$537,999 of related party expenses, and (iii) that \$614,995 of the Master Fund's operating expenses were related party transactions. Instead, the 2011 financial statements for the Feeder Funds and the Master Fund included a note indicating there were no related party transactions. For example, in Alpha Titans LP's 2011 financial statements, the note provided "Pursuant to the terms of the Fund's limited partnership agreement, the General Partner is able to pay expenses on behalf of the Fund and subsequently be reimbursed for actual overhead costs and expenses that are directly connected with the management and operations of the Fund. For the year ended December 31, 2011, there was no reimbursement." The Master Fund's financial statements included operating expenses totaling \$700,736, but did not disclose that \$614,995 (or 88%) was attributable to Alpha Titans' employee payroll, benefits, and other employee payments, which were related party transactions.

15. Neither the Feeder Funds' nor the Master Fund's 2012 financial statements disclosed (i) all the related party relationships, and (ii) that Montreux paid \$339,639 of related party expenses. Instead, the 2012 financial statements for the Feeder Funds included a note indicating there were no related party transactions. For example, in Alpha Titans LP's 2012 financial statements, the note provided "Pursuant to the terms of the Fund's limited partnership

agreement, the General Partner is able to pay expenses on behalf of the Fund and subsequently be reimbursed for actual overhead costs and expenses that are directly connected with the management and operations of the Fund. For the year ended December 31, 2012, there was no reimbursement.” The Master Fund’s financial statements included operating expenses totaling \$781,732. Unlike previous years, the notes to the financial statements provided some additional detail, explaining that “During 2012, employees of the Investment Manager did provide services to the Company in the amount of \$467,267 and were paid by the Company.”

16. Overall, from 2009 through 2012, Montreux paid a total of \$1,447,777 in related party transactions that were not disclosed in the Feeder Funds’ or the Master Fund’s financial statements. In addition, from 2009 through 2011, the Master Fund paid a total of \$1,537,309 of Alpha Titans’ employee payroll, benefits and other employee payments that were not identified as related party transactions in the notes to the financial statements, but instead were listed simply as “operating expenses” on the income statement for the Master Fund.

17. For the 2009 through 2012 fiscal year-ends, McGladrey’s audit reports stated that it audited the Feeder Funds’ and the Master Fund’s financial statements in accordance with GAAS, and included unqualified opinions for each entity, in each year, that the financial statements were presented fairly in conformity with GAAP.

18. Lesser served as the lead engagement partner for the fiscal year-end 2009 through 2012 financial statement audits of the Feeder Funds and the Master Fund. Lesser was responsible for the audit engagement and its performance and for the audit report issued on behalf of McGladrey.

19. Lesser knew that Alpha Titans, the Feeder Funds, the Master Fund, Trading Solutions and Montreux were related parties and that the Master Fund and Montreux paid Alpha Titans’ operating expenses during the Feeder Funds’ fiscal years 2009 through 2012. Lesser also knew that Alpha Titans had engaged McGladrey in order to comply with the custody rule.

20. Despite his knowledge of the relationship between Alpha Titans, the Feeder Funds, the Master Fund, Trading Solutions, and Montreux, Lesser approved the issuance of the audit reports which contained unqualified opinions on behalf of McGladrey for the Feeder Funds’ and the Master Fund’s fiscal years 2009 through 2012 financial statements.

21. Alpha Titans distributed to investors the Feeder Funds’ and the Master Fund’s audited financial statements, which were not prepared in accordance with GAAP. Because the audited financial statements were not GAAP compliant, Alpha Titans failed to meet the requirements for the exception to the custody rule found in Advisers Act Rule 206(4)-2(b)(4), for fiscal years 2009 through 2012.

Lesser Engaged in Improper Professional Conduct in Performing the Audits for the Feeder Funds and the Master Fund for Fiscal Years 2009 through 2012

Lesser Failed to Exercise Due Professional Care

22. McGladrey’s audit reports for the Feeder Funds’ and the Master Fund’s financial statements state that the audits were conducted in accordance with GAAS. Lesser’s audit work

was subject to American Institute of Certified Public Accountants (“AICPA”) professional auditing standards. Lesser, as the lead engagement partner, was responsible for ensuring that the audit team complied with these professional standards. Lesser also was responsible for ensuring that the audit engagement team adequately documented in the work papers their findings, analysis and information on which they relied when forming the audit opinions.

23. Under GAAS, as codified in the Statements on Auditing Standards, auditors are required to exercise due professional care throughout the audit.⁴ (AU § 230) Due professional care requires that the auditor exercise professional skepticism. Under this standard, “[p]rofessional skepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence.” (AU § 230.07) “Since evidence is gathered and evaluated throughout the audit, professional skepticism should be exercised throughout the audit process.” (AU § 230.08) Additionally, standards dealing directly with related party transactions require that “the auditor should view related party transactions within the framework of existing [accounting] pronouncements, *placing primary emphasis on the adequacy of disclosure.*” (AU § 334.02) (emphasis added) The auditor should apply procedures to obtain satisfaction about the related party transactions and the effect on financial statements. (AU § 334.09) For each “material related party transaction ... common ownership or management control relationship... the auditor should consider whether he has obtained sufficient appropriate audit evidence to understand the relationship of the parties and, ... the effects of the transaction on the financial statements.” (AU § 334.11) Under the 2012 clarified standards, “[t]he auditor should plan and perform an audit with professional skepticism, recognizing that circumstances may exist that cause the financial statements to be materially misstated.” (AU-C § 200.17) An auditor must obtain sufficient audit evidence in order to evaluate whether related party relationships and transactions have been appropriately identified, accounted for, and disclosed in the financial statements. (AU-C §§ 550.09b and 550.26a) The auditor has “responsibility to perform audit procedures to identify, assess, and respond to the risks of material misstatement arising from the entity’s failure to appropriately account for or disclose related party relationships, transactions, or balances.” (AU-C § 550.04)

24. Lesser did not exercise the requisite level of care when conducting the audit and signing off on the Feeder Funds’ and the Master Fund’s audited financial statements for fiscal years 2009 through 2012. Lesser’s knowledge that Alpha Titans’ principal controlled the relevant entities and that the Master Fund and Montreux used Feeder Funds’ assets to pay Alpha Titans’ adviser-related operating expenses should have caused Lesser to place greater emphasis on the related party relationships and transactions, and the adequacy of the related party disclosures. He did not. The workpapers do not document the nature of the relationships between all the entities, the related party transactions of the Master Fund and Montreux paying Alpha Titans’ adviser-related operating expenses, or the consideration of what disclosures, if any, should have been made in the financial statements and whether the financial statements complied with GAAP without the related party disclosures.

⁴ GAAS and the professional standards are embodied in the Codification of Statements of Auditing Standards, as issued by the Auditing Standards Board of the AICPA. “AU” refers to the specific sections of the codification. The Auditing Standards Board redrafted the auditing sections in Codification of Statements on Auditing Standards (contained in AICPA Professional Standards) for clarity. These clarified standards are effective for audits ending on or after December 15, 2012, and will be referenced as “AU-C” herein.

Lesser Failed to Adequately Plan the Financial Statement Audits

25. An auditor must adequately plan the audit. (AU § 311) This standard requires that the auditor obtain a level of knowledge of the entity's business that will enable him to plan and perform his audit in accordance with GAAS. That level of knowledge should enable the auditor to obtain an understanding of the events, transactions, and practices that, in his judgment, may have a significant effect on the financial statements. In planning the audit, among other considerations, an auditor should understand the entity's business "and its environment, including its internal control." (AU § 311.03) As of 2012, an auditor should develop an audit plan that includes a description of: (a) the nature and extent of planned risk assessment procedures; (b) the nature, timing, and extent of planned further audit procedures; and (c) other planned audit procedures that are required to be carried out so that the engagement complies with GAAS. The auditor should also "update and change the overall audit strategy and audit plan, as necessary, during the course of the audit." (AU-C §§ 300.09 and 300.10)

26. As the engagement partner of the Feeder Funds' and the Master Fund's financial statement audits, Lesser failed to adequately plan the audits to address the possibility of material misstatement due to omitted related party disclosures. Although the audit team identified a risk of material misstatement concerning related parties for the 2009 audit, specifically "[h]igh volume of cash transfers between related parties (between the Funds)," and Lesser signed off on this work paper, Lesser did not document an audit plan in place to address this risk. In the 2010 and 2011 financial statement audits, the work papers did not even identify related party cash transfers or transactions as a risk of material misstatement. Further, Lesser did not plan the audit to address the high risks related to related parties even though he knew of the related party relationships and the related party transactions. In 2012, Lesser identified related party transactions as a significant risk, yet he still failed to properly address this risk and adequately plan the financial statement audits. While the audit work papers reflected increased procedures and testing of the related party transactions, there were no additional analyses or documentation concerning the continued omission of the related party disclosures from the financial statements. Similar to 2009 through 2011, in 2012, Lesser did not adjust the planned audit strategy to reevaluate whether related party disclosures were required by GAAP.

Lesser Failed to Obtain Sufficient Appropriate Audit Evidence Regarding Related Party Transactions

27. For the 2009 through 2011 audits, GAAS provided that an auditor must obtain sufficient appropriate audit evidence to afford a reasonable basis for an opinion regarding the financial statements under audit. (AU § 326.01) With respect to related party transactions, after identifying the transactions, the auditor should apply the procedures considered necessary to obtain satisfaction concerning the purpose, nature, and extent of those transactions and their effect on the financial statements. This may include taking the steps necessary to obtain "an understanding of the business purpose of the transaction" and examining supporting documentation, such as invoices and copies of contracts. (AU § 334.09) The auditing standards in effect for 2012 provide that "[t]he auditor should design and perform audit procedures that are appropriate in the circumstances for the purpose of obtaining sufficient appropriate audit evidence." (AU-C § 500.06)

28. Lesser did not obtain sufficient appropriate evidence to determine whether related party transactions were adequately disclosed in the funds' financial statements. Although expenses that Montreux paid were reflected in the net investment performance of the Master Fund, there were no disclosures about the related party transactions themselves. In each year, the audit team looked at only one transaction in the Montreux bank account, which was unrelated to related party transactions. The audit documentation, including the "Summary of Significant Audit Findings or Issues" work paper, which Lesser signed off on, did not contain any analyses or conclusions on how the evidence supported the adequacy of the related party disclosures.

Lesser Failed to Prepare Adequate Audit Documentation

29. An "auditor must prepare audit documentation in connection with each engagement in sufficient detail to provide a clear understanding of the work performed (including the nature, timing, extent, and results of audit procedures performed), the audit evidence obtained and its source, and the conclusions reached." (AU §339.03) The 2012 auditing standards provide that "[t]he auditor should prepare audit documentation that is sufficient to enable an experienced auditor, having no previous connection with the audit, to understand" the nature, timing, extent, and results of the audit procedures performed, the evidence obtained, and significant findings or issues, conclusions reached, and significant professional judgments made in reaching those conclusions. (AU-C § 230.08) The auditor should also document "the names of the identified related parties and the nature of the related party relationships." (AU-C § 550.28)

30. Lesser failed to comply with these requirements. The audit documentation for the 2009 through 2012 financial statement audits, prepared and maintained by Lesser and the McGladrey audit team under his supervision, is not sufficient to enable an experienced auditor to understand the "nature, timing, extent and results of audit procedures performed" in a variety of areas. Although members of the audit team understood that the Feeder Funds, the Master Fund, Montreux, Trading Solutions and Alpha Titans were related parties, the related party relationships, transactions, analyses, and/or conclusions reached regarding the adequacy of related party disclosures were not reflected in the workpapers. In each year, the workpapers supporting the financial statement audits of the Feeder Funds, the Master Fund, Trading Solutions, and Montreux were all included in one audit file, but the documents did not describe the related party nature of the organizational structure, the related party relationships between all the funds, or the related party transactions between the Master Fund, Montreux and Alpha Titans. The workpapers also did not include any considerations, analyses or conclusions explaining Lesser's basis for believing that the financial statement disclosures were presented in accordance with GAAP despite the omitted related party information.

Lesser Was Responsible for the Issuance of Reports with Inaccurate Audit Opinions

31. GAAS requires auditors to state in the audit report whether the financial statements are presented in accordance with GAAP. (AU § 410.01) If management omits from the financial statements, including the accompanying notes, information that is required by GAAP, the auditor should express a qualified or adverse opinion and provide the information, if practicable. (AU § 431.03) Under the 2012 standards, an auditor should modify the opinion when it concludes that the financial statements as a whole are materially misstated or is unable to

obtain sufficient appropriate evidence to conclude that they are free from material misstatement. (AU-C § 705.07) For all years, GAAP required detailed disclosures about related party transactions, including disclosure of the nature of the relationships with the related parties, a description of the related party transaction and the related dollar amounts. (ASC 850-10-50-1)

32. As the lead engagement partner with ultimate responsibility for the Feeder Funds' and the Master Fund's financial statement audits for fiscal years 2009 through 2012, Lesser approved the issuance of audit reports containing unqualified opinions even though the related party relationships and transactions were not adequately disclosed in conformity with GAAP and McGladrey's audits were not conducted in accordance with GAAS. Because the required disclosures were omitted, McGladrey should not have issued audit reports containing unqualified opinions.

Lesser Failed to Properly Supervise the Financial Statement Audits

33. GAAS requires audit supervisors to supervise the planning and conduct of an audit. (AU §311.01) "Supervision involves directing the efforts of assistants who are involved in accomplishing the objectives of the audit and determining whether those objectives were accomplished." Elements of supervision include instructing assistants, keeping informed of significant issues, and reviewing the work. (AU § 311.28) For the 2012 audits, the engagement partner should have taken responsibility for the direction, supervision, and performance of the audit engagement in compliance with professional standards. (AU-C § 220.17) "The engagement partner should take responsibility for reviews being performed in accordance with the firm's review policies and procedures." (AU-C § 220.18) Moreover, the engagement partner should review the audit documentation, have discussions with the audit engagement team and "be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued." (AU-C § 220.19)

34. Lesser failed to adequately supervise the McGladrey staff auditors on the 2009 through 2012 financial statement audits. While Lesser understood the relationship among all of the relevant entities and that the Master Fund and Montreux paid Alpha Titans' adviser-related operating expenses using investor monies, he did not require the team to obtain sufficient appropriate evidence necessary to justify the omitted related party disclosures in the audited financial statements. He also did not appropriately address the significant issue of related party disclosures, direct his team to adjust the audit plan, strategy, or documentation, or properly determine whether related party disclosures were adequately evaluated by the engagement team.

E. VIOLATIONS

35. As a result of the conduct described above, Lesser willfully aided and abetted and caused Alpha Titans' violations of Section 206(4) of the Advisers Act and Rule 206(4)-2, the custody rule, promulgated thereunder.

36. Section 4C of the Exchange Act and Rule 102(e)(1)(iv) of the Commission's Rules of Practice define improper professional conduct with respect to persons licensed to practice as accountants. Section 4C of the Exchange Act and Rule 102(e)(1)(iv)(B)(2) of the Commission's Rules of Practice provide that improper professional conduct includes "[r]epeated

instances of unreasonable conduct, each resulting in a violation of applicable professional standards, that indicate a lack of competence to practice before the Commission.”

37. As a result of the conduct described above, Lesser engaged in improper professional conduct within the meaning of Section 4C of the Exchange Act and Rule 102(e)(1)(iv)(B)(2) of the Commission’s Rules of Practice. Lesser engaged in repeated instances of unreasonable conduct with respect to the 2009 through 2012 financial statement audits of the Alpha Titans’ Feeder Funds and the Master Fund, which resulted in violations of professional standards.

IV.

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

Accordingly, pursuant to Section 4C of the Exchange Act, Section 203(k) of the Advisers Act, Section 9(b) of the Investment Company Act, and Rule 102(e) of the Commission’s Rules of Practice, it is hereby ORDERED that:

A. Lesser shall cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder.

B. Lesser is denied the privilege of appearing or practicing before the Commission as an accountant.

C. After three years from the date of this order, Respondent may request that the Commission consider his reinstatement by submitting an application (attention: Office of the Chief Accountant) to resume appearing or practicing before the Commission as:

1. a preparer or reviewer, or a person responsible for the preparation or review, of any public company’s financial statements that are filed with the Commission. Such an application must satisfy the Commission that their work in their practice before the Commission will be reviewed either by the independent audit committee of the public company for which they work or in some other acceptable manner, as long as they practice before the Commission in this capacity; and/or

2. an independent accountant. Such an application must satisfy the Commission that:

(a) Respondent, or the public accounting firm with which he is associated, is registered with the PCAOB in accordance with the Sarbanes-Oxley Act of 2002, and such registration continues to be effective;

(b) Respondent, or the registered public accounting firm with which he is associated, has been inspected by the Board and that inspection did not identify any criticisms of or potential defects in the quality control system relating to the work of Lesser that would indicate that Lesser will not receive appropriate supervision;

(c) Respondent has resolved all disciplinary issues with the Board, and has complied with all terms and conditions of any sanctions imposed by the Board (other than reinstatement by the Commission); and

(d) Respondent acknowledges his responsibility, as long as he appears or practices before the Commission as an independent accountant, to comply with all requirements of the Commission and the Board, including, but not limited to, all requirements relating to registration, inspections, engagement quality reviews, and quality control standards.

D. The Commission will consider an application by Respondent to resume appearing or practicing before the Commission provided that his CPA license is current and he has resolved all other disciplinary issues with the applicable boards of accountancy. However, if CPA licensure is dependent on reinstatement by the Commission, the Commission will consider an application on its other merits. The Commission's review may include consideration of, in addition to the matters referenced above, any other matters relating to Respondent's character, integrity, professional conduct, or qualifications to appear or practice before the Commission.

E. Lesser shall, within 30 days of the entry of this Order, pay civil money penalties in the amount of \$75,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717.

F. 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 Lesser 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 C. Dabney O'Riordan, Division of Enforcement, Securities and Exchange Commission, 444 South Flower Street, Suite 900, Los Angeles, California 90071.

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, that the findings in this Order are true and admitted by Respondent Lesser, 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