

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 76775 / December 24, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-15471

In the Matter of

**SARKAUSKAS AND
ASSOCIATES, INC. and
JAMES M. SARKAUSKAS,**

Respondents.

**NOTICE OF PROPOSED
PLAN OF DISTRIBUTION
AND OPPURTUNITY
FOR COMMENT**

Notice is hereby given, pursuant to Rule 1103 of the Securities and Exchange Commission's ("Commission") Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed plan (the "Plan") for the distribution of monies paid in the above-captioned matter.

On September 13, 2013, the Commission issued a settled administrative and cease-and-desist proceeding order ("Order") related to a fraudulent scheme perpetrated by Sarkauskas and Associates, Inc. and James M. Sarkauskas ("Sarkauskas") (collectively, "Respondents") (Securities Exchange Act Rel. No. 70388). Respondents purchased for their clients unit investment trust ("UIT") units that included transactional sales charges ("loads") without disclosing that identical no-load UIT units could be purchased. The Order stated that Respondents' failure to disclose this information resulted in their substantially increasing their compensation at the expense of their clients, which created a conflict of interest. As a result of this conduct, the Order found that Respondents willfully violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act").

The Order requires Respondents to cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act. The Order barred Sarkauskas from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, prohibited him 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, and barred him 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. Respondents also were ordered to pay disgorgement of \$331,433.98 and prejudgment interest of \$18,403.22, and Sarkauskas was ordered to pay a civil money penalty of \$100,000.

In accordance with the Order, Respondents paid a total of \$449,837.20 in disgorgement, prejudgment interest, and civil monetary penalties to the Commission.

The Order created a Fair Fund pursuant Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, for the funds paid by the Respondents (the “Fair Fund”). The Fair Fund is subject to the continuing jurisdiction and control of the Commission and the Fair Fund is currently on deposit in a Commission designated interest-bearing account at the United States Department of the Treasury (“U.S. Treasury”). The Plan is subject to approval by the Commission, and the Commission retains jurisdiction over the implementation of the Plan.

Under the Plan, the Fair Fund, less any reserve for taxes, fees or other expenses of administering the Plan (the “Net Fair Fund”), will be distributed to eligible investors as defined in paragraph 6 of the Plan. It is anticipated that there will be one disbursement to the eligible investors.

OPPORTUNITY FOR COMMENT

Pursuant to this Notice, all interested persons are advised that they may obtain a copy of the Plan from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm>. Interested persons may also obtain a written copy of the Plan by submitting a written request to Michael S. Lim, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5631. All persons who desire to comment on the Plan may submit their comments, in writing, no later than thirty (30) days from the date of this Notice:

1. to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090;
2. by using the Commission’s Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or
3. by sending an e-mail to rule-comments@sec.gov.

Comments submitted should include “Administrative Proceeding File No. 3-15471” in the submit line. Comments received will be publicly available. Persons should submit only information that they wish to make publicly available.

THE DISTRIBUTION PLAN

The Fair Fund is comprised of the amounts of disgorgement (\$331,433.98), prejudgment interest (\$18,403.22), and civil money penalty (\$100,000) paid by the Respondents to the Commission. As set forth in the Plan, the proposed methodology allocates the Fair Fund by calculating the Total Overage¹ plus Lost Interest Earnings to calculate the Total Present Value Harm suffered for each Eligible Investor. If the Net Fair Fund is less than

¹ Capitalized terms used by not defined herein shall have the meanings ascribed to them in the Plan.

the Total Present Value Harm, Eligible Investor's will receive their *Pro Rata* share of the Net Fair Fund.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary