

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4564 / November 3, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17661

In the Matter of

HARVEY ALTHOLTZ,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
203(f) OF THE INVESTMENT ADVISERS
ACT OF 1940 AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Harvey Altholtz (“Respondent” or “Altholtz”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

Respondent is a principal of Wealth Strategy Partners LLP (“Wealth Strategy”), the general partner and fund manager to two private investment funds – The Adamas Fund, LLLP and The Stealth Fund, LLLP (collectively the “Funds”). Since at least January 2010, Respondent was an unregistered investment adviser to the Funds.

B. ENTRY OF THE INJUNCTION/RESPONDENT’S CRIMINAL CONVICTION

1. On October 18, 2016, a judgment was entered by consent against Altholtz, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933

("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, and Section 206(4) of the Advisers Act and Rule 206(4)-8(a) thereunder; and from aiding and abetting violations of Section 206(4) of the Advisers Act and Rule 206(4)-8(a) thereunder, in the civil action entitled Securities and Exchange Commission v. Harvey Altholtz, et al., Case Number 8:14-cv-02427-JDW-TGW, in the United States District Court for the Middle District of Florida.

2. The Commission's Second Amended Complaint alleged that Altholtz assisted in raising approximately \$30.8 million from investors through private sales of limited partnership interests in the Funds. As part of a scheme to defraud investors, from October 2008 through April 2010, Altholtz made materially misleading statements to current and potential investors and omitted to state certain material facts necessary to make statements made not misleading concerning: (a) loans Wealth Strategy and its affiliates made to the Funds, which were expressly prohibited by the offering materials provided to investors, (b) guarantees by the Funds of loans made by the Respondent's family trusts, which represented a conflict of interest for Respondent, (c) the Funds' use of investor proceeds, including (1) Respondent's disbursement of exorbitant interest and penalty payments to his family trusts, and (2) Respondent's preferential redemption of his family's investments in the Funds ahead of investors, and (d) the financial strength of the portfolio companies in which the Funds invested.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

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

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against

him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2), the Administrative Law Judge shall issue an initial decision no later than 75 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

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

Brent J. Fields
Secretary