

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10404 / August 22, 2017

SECURITIES EXCHANGE ACT OF 1934
Release No. 81456 / August 22, 2017

INVESTMENT ADVISERS ACT OF 1940
Release No. 4751 / August 22, 2017

INVESTMENT COMPANY ACT OF 1940
Release No. 32788 / August 22, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18125

In the Matter of

**VERTICAL CAPITAL ASSET
MANAGEMENT, LLC,
VERTICAL FUND GROUP, INC.,
VERTICAL RECOVERY
MANAGEMENT, LLC,
GUSTAVO A. ALTUZARRA, and
CHRISTOPHER R. CHASE,**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
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 SECTIONS 9(b) AND 9(f)
OF THE INVESTMENT COMPANY ACT OF
1940, MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND 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”), 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 Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”) against Vertical Capital Asset Management, LLC (“VCAM”), Vertical Fund Group, Inc. (“VFG”), Vertical Recovery

Management, LLC (“VRM”), Gustavo A. Altuzarra (“Altuzarra”), and Christopher R. Chase (“Chase,” collectively with VCAM, VFG, VRM and Altuzarra, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”), 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, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, 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 Sections 9(b) and 9(f) of the Investment Company Act, Making Findings, and Imposing Remedial Sanctions and Cease-and-Desist Orders (“Order”), as set forth below.

III.

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

SUMMARY

1. These proceedings arise from fraudulent schemes orchestrated by Altuzarra and Chase over approximately three years through entities they created and controlled. Through these entities, Altuzarra and Chase made misrepresentations to, and omitted material information from, a client fund and its investors and prospective investors and another fund they controlled. Altuzarra and Chase also made unauthorized loans from funds they advised or managed to other entities they controlled and subsequently engaged in fraudulent transactions designed to hide the unauthorized loans. By virtue of the conduct discussed herein, Respondents violated various provisions of the federal securities law.

RESPONDENTS

2. **Vertical Capital Asset Management, LLC (“VCAM”)** is a California limited liability company with its principal place of business in Irvine, California. VCAM has been registered as an investment adviser with the Commission since 2011. From 2011 through June 22, 2015, VCAM provided advisory services to one client, Vertical Capital Income Fund (“VCIF”), a registered closed-end fund. In June 2015, VCIF’s Board of Trustees terminated VCAM’s advisory agreement. At the time of termination, VCAM had approximately \$110 million in assets under

¹ The findings herein are made pursuant to Respondents’ Offers and are not binding on any other person or entity in this or any other proceeding.

management. Shortly after termination, VCAM filed an amended Form ADV stating that it had no assets under management. Altuzarra and Chase each own 40% of VCAM and control its operations.

3. **Vertical Fund Group, Inc. (“VFG”)** is a California corporation with its principal place of business in Irvine, California. Altuzarra and Chase jointly own and control VFG and used it to facilitate cash flow for related companies, including VCAM, Vertical Capital Securities, LLC (“VCS”), a formerly registered broker-dealer used to market and distribute VCIF, and VRM.

4. **Vertical Recovery Management, LLC (“VRM”)** is a California limited liability company with its principal place of business in Irvine, California. VRM managed two privately offered mortgage funds, Vertical US Recovery Fund (“VUSRF”) and Vertical US Recovery Fund II (“VUSRF II”), which raised approximately \$37 million from over 600 investors. In September 2015, VRM’s assets were transferred to Development Specialists, Inc. for liquidation and distribution to investors. VRM also acted as the loan servicing agent for the loans held by VCIF. Altuzarra and Chase jointly own and control VRM.

5. **Gustavo A. Altuzarra (“Altuzarra”)**, age 60, is a resident of Laguna Niguel, California. Altuzarra co-founded VCAM, VFG, VRM, and VCS. He has been a managing member and principal owner of VCAM, VFG, VRM, and VCS since their creation. Altuzarra was an associated person of VCS from its inception to July 1, 2015 when it withdrew its registration and substantially ceased operations.

6. **Christopher R. Chase (“Chase”)**, age 63, is a resident of Dana Point, California. Chase co-founded VCAM, VFG, VRM, and VCS. He has been a managing member and principal owner of VCAM, VFG, VRM, and VCS since their creation. Chase was an associated person of VCS from its inception to July 1, 2015 when it withdrew its registration and substantially ceased operations.

OTHER RELEVANT ENTITIES

7. **Vertical Capital Income Fund (“VCIF”)** is a continuously-offered, closed-end fund registered with the Commission that was first offered in 2011. VCIF is a Delaware statutory trust. VCIF primarily invests in individual mortgage loans. VCIF’s most recent semi-annual report reported net assets of approximately \$175 million. At VCIF’s inception, its Board of Trustees contracted with VCAM to be VCIF’s investment adviser. VCAM served as investment adviser until June 22, 2015 when its Board terminated VCAM’s advisory contract.

8. **Vertical Capital Securities, LLC (“VCS”)** is a California limited liability company with its principal place of business in Irvine, California. VCS, controlled by Altuzarra and Chase, was formed in 2009 to provide broker-dealer services to the various other entities controlled by Altuzarra and Chase. VCS was registered as a broker-dealer with the Commission from 2009 through July 1, 2015.

9. **Vertical US Recovery Fund, LLC (“VUSRF”)** is a California limited liability company with its principal place of business in Irvine, California. VUSRF was formed in 2009. VUSRF, a private mortgage fund, invested in mortgage notes and raised approximately \$26 million from 436 investors from 2009 to 2011. VRM managed VUSRF. In September 2015, VUSRF’s assets were transferred to Development Specialists, Inc. for liquidation and distribution to investors.

10. **Vertical US Recovery Fund II (“VUSRF II”)** is a California limited liability company with its principal place of business in Irvine, California. VUSRF II was formed in 2011. VUSRF II, a private mortgage fund, invested in mortgage notes and raised approximately \$11 million from 191 investors from 2011 to 2013. VRM managed VUSRF II. In September 2015, VUSRF II’s assets were transferred to Development Specialists, Inc. for liquidation and distribution to investors.

FACTS

A. Background

11. Altuzarra and Chase are long-time business associates. In 2009, Altuzarra and Chase, through entities they controlled, began offering interests in mortgage funds that invested in mortgage notes. By 2012, they managed the mortgage funds, VRM, VCAM (a registered investment adviser), VCS (a broker-dealer), and VCIF (a registered fund).

12. From 2009 through 2011, Altuzarra and Chase offered VUSRF, and from 2011 through 2013, Altuzarra and Chase offered VUSRF II. VUSRF and VUSRF II (collectively the “VUSRF Funds”) invested in mortgage notes and raised approximately \$37 million from over 600 investors.

13. Each VUSRF Fund was offered pursuant to a private placement memorandum (“PPM”) and operated pursuant to a limited liability company operating agreement. Altuzarra and Chase had ultimate authority over the statements made in the PPMs and operating agreements. Both VUSRF Funds’ PPMs state that their strategy will be to “acquire loans from third parties and affiliates, hold and sell existing loans, all of which are or will be secured by deeds of trust and mortgages on real estate throughout the United States.” An October 31, 2008 supplement to the VUSRF PPM indicates that the fund will not make loans to the manager or affiliates of the manager, and the original VUSRF II PPM states that the fund will not make loans to the manager or entities controlled by the manager. The VUSRF Funds purchased mortgage notes secured by real property, and their primary income was interest paid on the notes and proceeds from note sales.

14. In April 2011, Altuzarra and Chase created VCIF, a continuously-offered, registered closed-end fund. VCIF’s prospectus, filed with the Commission in October 2011, states that its investment objective is to seek income by “investing primarily in individual interest income-producing debt securities secured by residential real estate (i.e. mortgage loans made to individuals that are represented by a note...and a security agreement in the form of a mortgage or

deed of trust). The Fund does not primarily invest in pools of mortgage-related notes, but rather note-by-note.” Subsequent prospectuses filed by VCIF contain similar language. VCAM was VCIF’s investment adviser from inception through the Board’s June 2015 termination of VCAM’s advisory contract.

B. Unauthorized Loans

(i) VUSRF Funds

15. From January 2012 through 2015, VRM, at the direction of Altuzarra and Chase, caused the VUSRF Funds to make unauthorized loans to VFG. The VUSRF Funds were not authorized to make loans to VRM or its affiliates (such as VFG), and certain loans were made in 2012 when VUSRF II was being offered and sold to investors.

16. The VUSRF Funds tracked a receivable due from VFG for the loans, but there was no other documentation of the loans and no interest charged to VFG. While VFG did repay a majority of the loans, outstanding balances remained at VUSRF II, as detailed in Figure No. 1 below.

17. These loans were not authorized by the VUSRF Funds’ operating agreements and were contrary to representations in the PPMs regarding the Funds’ investment objectives and use of proceeds. Altuzarra and Chase knew, or were reckless in not knowing, that the unauthorized loans were inconsistent with representations made in the PPMs and, for VUSRF II, rendered the PPM’s representations regarding the use of offering proceeds and investment objectives materially false and misleading during the offering period. Altuzarra and Chase also knew, or were reckless in not knowing, that the VUSRF II PPM omitted material information regarding the loans necessary to make statements in its PPM not misleading.

(ii) VCIF – The Registered Fund

18. VCAM, at Altuzarra’s and Chase’s direction, caused VCIF to make unauthorized loans to VFG. VRM, as loan servicer and under the direction of VCAM, was responsible for accepting payments from mortgagors into VCIF’s collection accounts and later transferring those funds into other VCIF accounts. Beginning in October 2012, and at the direction of Altuzarra and Chase, instead of transferring funds to the proper VCIF accounts, VCAM took funds from VCIF’s collection accounts and transferred them to VFG as loans. As with the VUSRF Funds, there was no documentation for these loans, and there was no interest charged on the amounts given to VFG. Although VFG repaid a majority of the loans, a balance is still owed to VCIF as detailed in Figure No. 1 below.

19. The loans from VCIF to VFG were neither disclosed to nor authorized by VCIF’s Board of Trustees. The loans were also not disclosed to VCIF investors, nor were they disclosed in Commission filings required to be made by VCIF, including, but not limited to, the Forms N-CSRS filed by VCIF on June 10, 2013, June 6, 2014, and June 4, 2015. These forms included

VCIF's financial statements and statements regarding related party transactions. The statements regarding VCIF's receivables contained in the financial statements and related party transactions were materially misleading because they failed to disclose the loans as related party transactions and to account for the loans or a receivable due from an affiliated entity in VCIF's financial reporting.

20. The total amounts of the unauthorized loans from VUSR F II and VCIF, repayments made by VFG, and the remaining balances are detailed in the following chart:

Figure No. 1

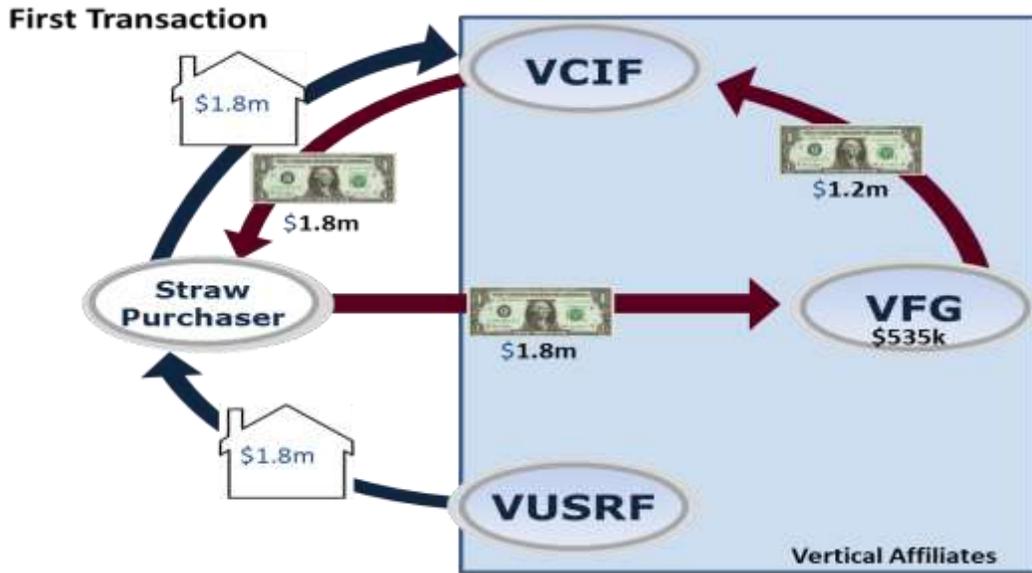
	Unauthorized Loans	Repayments	Remaining Balance
VUSR F II	\$8,546,344	\$4,383,754	\$4,162,590
VCIF	\$5,453,902	\$4,297,539 ²	\$1,156,363
Totals	\$14,000,246	\$8,681,293	\$5,318,953

C. Additional Fraudulent Transactions to Conceal Prior Unauthorized Loans

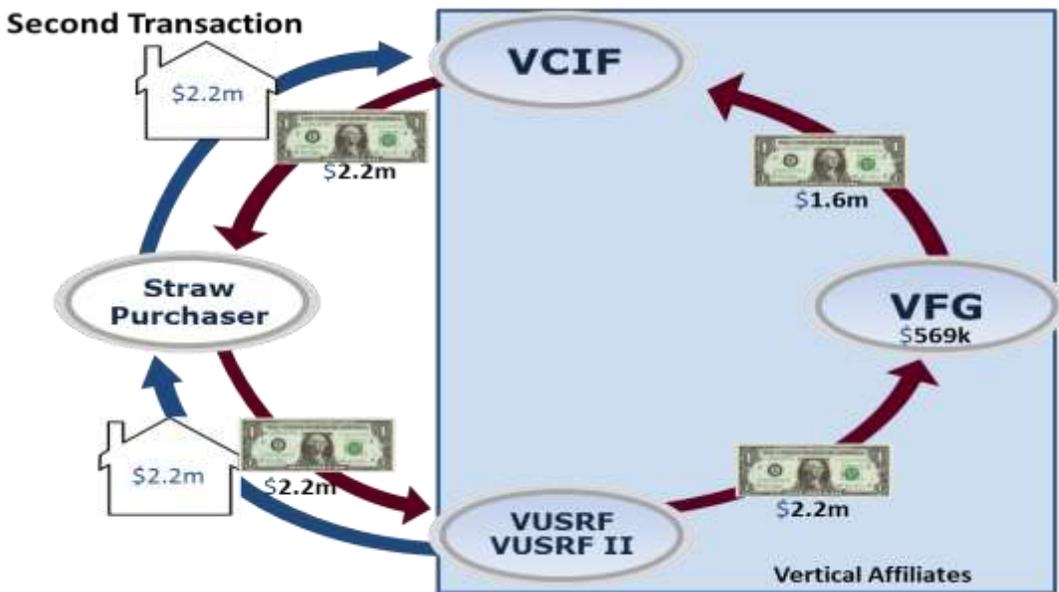
21. In two separate instances, VRM, at the direction of Altuzarra and Chase, caused VUSR F and VUSR F II to make unauthorized transfers to VCIF through a straw purchaser. VRM made these transfers to repay the previous unauthorized loans from VCIF to VFG. Altuzarra and Chase prearranged transactions whereby the straw purchaser would buy assets from the VUSR F Funds and immediately sell them to VCIF. In each instance, neither VCAM nor anyone else sought an exemptive order for these transactions pursuant to Section 17(b) of the Investment Company Act.

22. The first transaction occurred on April 23, 2014. As of that date, VFG owed VCIF approximately \$1.5 million from unauthorized loans. To repay a portion of this debt, Altuzarra and Chase caused VRM to transfer \$1,809,021.64 in mortgage assets from VUSR F to the straw purchaser who then sold the assets to VCIF for an identical amount. On the same day, the straw purchaser remitted a cashier's check for \$1,809,021.64 in purchase proceeds to VFG. VFG subsequently made payments to VCIF totaling \$1,274,192, reducing VFG's outstanding loan balance to VCIF to about \$283,000. This transaction defrauded VUSR F of \$1.8 million in mortgage assets. VFG retained \$534,829 in purchase proceeds from the transaction.

² Includes amounts repaid as a result of the transactions between VCIF and the straw purchaser as discussed in Section III.C.



23. The second transaction was on February 23, 2015. By then and because of additional loans from VCIF to VFG, VFG owed VCIF approximately \$2.6 million. To repay a portion of this debt, Altuzarra and Chase caused VRM to transfer \$2,207,059.02 in mortgage assets from VUSRF and VUSRF II to the straw purchaser who then sold the assets to VCIF for an identical amount. The next day, the straw purchaser transferred the \$2,207,059.02 in purchase proceeds to VUSRF and VUSRF II, and the VUSRF Funds in turn sent the money to VFG. Finally, VFG transferred approximately \$1.6 million back to VCIF, leaving an approximately \$1 million outstanding loan obligation from VFG to VCIF. This transaction defrauded VUSRF and VUSRF II of \$2.2 million in mortgage note assets. VFG retained \$568,576 in purchase proceeds from the transaction.



D. Failure to Adopt Policies and Procedures Reasonably Designed to Prevent Violations of the Advisers Act and its Rules

24. VCAM did not adopt any written compliance policies or procedures reasonably designed to prevent the unauthorized loans from VCIF.

E. Termination of VCAM and Assignment of Assets

25. In early 2015, discrepancies between VCIF's collection accounts and its custodial account arising from the unauthorized loans made by VCIF to VFG were detected. On June 22, 2015, VCIF's Board of Trustees terminated the fund's investment advisory agreement with VCAM and removed VRM as the loan servicer for the fund. At the time, VFG owed VCIF a total of \$1,156,363 as a result of the previous unauthorized loans. Altuzarra and Chase surrendered VCIF shares worth \$149,809 to the fund to repay a portion of the outstanding balance of the unauthorized loans.

26. On September 8, 2015, Altuzarra and Chase voluntarily assigned the assets of the VUSRF Funds and VRM to Development Specialists, Inc. to liquidate them. At the time, VFG owed \$5,318,953 to VUSRF II and VCIF as a result of the unauthorized loans. Additionally, VFG retained a total of \$1,103,405 as a result of the prearranged transactions between the VUSRF Funds, VCIF, and the straw purchaser.

VIOLATIONS

27. As a result of the conduct described above, Altuzarra, Chase, and VRM willfully violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraud in the offer or sale, and in connection with the purchase or sale, of securities, respectively.

28. As a result of the conduct described above, VCAM willfully violated Sections 17(a)(1) and 17(a)(3) of the Securities Act, which prohibit, in the offer or sale of securities, any person from employing any device, scheme, or artifice to defraud and from engaging in any transaction, practice, or course of business which operates or would operate as a fraud on the purchaser.

29. As a result of the conduct described above, VCAM willfully violated Section 10(b) of the Exchange Act and Rules 10b-5(a) and 10b-5(c) thereunder, which prohibit, in connection with the purchase or sale of securities, any person from employing any device, scheme, or artifice to defraud and from engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, respectively.

30. As a result of the conduct described above, VCAM willfully violated, and Altuzarra and Chase willfully aided and abetted and caused VCAM's violations of, Sections 206(1) and 206(2) of the Advisers Act, which make it unlawful for any investment adviser, directly or

indirectly, to “employ any device, scheme, or artifice to defraud any client or prospective client” and to “engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.”

31. As a result of the conduct described above, VCAM willfully violated, and Altuzarra and Chase willfully aided and abetted and caused VCAM’s violations of, Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which, in pertinent part, prohibit any investment adviser to a pooled investment vehicle from making an 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 a pooled investment vehicle and engaging in any act, practice, or course of business that is fraudulent or deceptive with respect to any investor or prospective investor in the pooled investment vehicle.

32. As a result of the conduct described above, VCAM willfully violated, and Altuzarra and Chase willfully aided and abetted and caused VCAM’s violation of, Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require registered investment advisers to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules.

33. As a result of the conduct described above, Altuzarra and Chase willfully aided and abetted and caused VUSRF’s and VUSRF II’s uncharged violation of Section 17(a)(1) of the Investment Company Act,³ which makes it unlawful for any affiliated person or promoter of or principal underwriter for a registered investment company or any affiliated person of such a person, promoter, or principal underwriter, acting as principal, knowingly to sell to the registered investment company, or to any company controlled by such registered investment company, any security or other property (except securities of which the seller is the issuer).

34. As a result of the conduct described above, VFG willfully violated, and Altuzarra and Chase willfully aided and abetted and caused VFG’s violation of, Section 17(a)(3) of the Investment Company Act, which makes it unlawful for any affiliated person or promoter of or principal underwriter for a registered investment company or any affiliated person of such a person, promoter, or principal underwriter, acting as principal to borrow money or other property from such registered investment company or from any company controlled by such registered investment company.

35. As a result of the conduct described above, Altuzarra, Chase, and VCAM willfully aided and abetted and caused VCIF’s uncharged violation of Section 34(b) of the Investment Company Act, which makes it unlawful for any person to make any untrue statement of a material fact in any registration statement, or other document filed or transmitted pursuant to the Investment

³ The interpositioning of a straw purchaser or seller in these transactions does not remove them from the prohibition of Section 17(a) of the Investment Company Act.

Company Act, or for any person so filing or transmitting to omit to state therein any fact necessary in order to prevent the statements made therein, in the light of the circumstances under which they were made, from being materially misleading.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

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 Sections 9(b) and 9(f) of the Investment Company Act, it is hereby ORDERED that:

- A. Respondents Altuzarra and Chase 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, Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 thereunder, and Sections 17(a)(1), 17(a)(3), and 34(b) of the Investment Company Act.
- B. Respondent VCAM 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, Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 thereunder, and Section 34(b) of the Investment Company Act.
- C. Respondent VRM cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.
- D. Respondent VFG cease and desist from committing or causing any violations and any future violations of Section 17(a)(3) of the Investment Company Act.
- E. Respondent VCAM's investment adviser registration is revoked.
- F. Respondents Altuzarra and Chase be, and hereby are:

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; and

prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

Any reapplication for association by Respondents Altuzarra and Chase 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 Respondents Altuzarra and Chase, 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.

G. Respondents VCAM, VRM, VFG, Altuzarra, and Chase shall, within 10 days of entry of this Order, pay, jointly and severally, disgorgement of \$6,272,549 and prejudgment interest of \$362,408 to the Securities and Exchange Commission. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or transfer them to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

H. Respondents VCAM, VRM, VFG, Altuzarra, and Chase shall, within 10 days of entry of this Order, pay, jointly and severally, a civil money penalty in the amount of \$2,400,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payments must be made in one of the following ways:

- (1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents 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) Respondents 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 the Respondents 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 Anthony S. Kelly, Co-Chief, Asset Management Unit, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5012.

V.

Respondents Altuzarra and Chase stipulate 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 that such findings shall be accepted and deemed true, without further proof by any party, in any nondischargeability proceeding involving the Commission, and that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents Altuzarra and Chase 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 Respondents Altuzarra and Chase 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