

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 81523 / September 5, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18147**

**In the Matter of**

**ALAN M. STARK, ESQ.,**

**Respondent.**

**ORDER INSTITUTING PUBLIC  
ADMINISTRATIVE AND CEASE-  
AND-DESIST PROCEEDINGS  
PURSUANT TO SECTIONS 4C AND 21C  
OF THE SECURITIES EXCHANGE ACT  
OF 1934 AND RULE 102(e) OF THE  
COMMISSION’S RULES OF PRACTICE,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against Alan M. Stark (“Respondent” or “Stark”) pursuant to Sections 4C<sup>1</sup> and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(iii) of the Commission’s Rules of Practice.<sup>2</sup>

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<sup>1</sup> Section 4C provides, in relevant part, that:

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 . . . (1) not to possess the requisite qualifications to represent others; (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

<sup>2</sup> Rule 102(e)(1)(iii) 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 willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder.

## 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 Sections 4C and 21C of the Securities Exchange Act of 1934 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 finds that:

### **Summary**

1. This matter involves insider trading by Alan M. Stark, a Florida attorney who provided legal services to a prominent hedge fund manager regarding his beneficial ownership reporting obligations. Stark became aware through attorney-client communications that the hedge fund manager had crossed beneficial ownership thresholds requiring public disclosure of his securities holdings of, or transactions in, publicly-traded companies. In violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Stark capitalized on this material nonpublic information multiple times between February 2013 and September 2015 by purchasing a public company’s stock before he filed a beneficial ownership report on behalf of the hedge fund manager for the same company. In each instance, the company’s stock price increased after the relevant beneficial ownership filing, and Stark made ill-gotten gains of \$7,608.

### **Respondent**

2. Alan M. Stark, age 79, resides in Florida. Stark has been licensed to practice law in Florida since 2003.

### **Relevant Entities and Individual**

3. The Hedge Fund is a registered investment adviser based in New York, New York, whose founder and chief executive officer (the “Hedge Fund Manager”) is a well-known figure in the securities industry.

4. Atlas Energy, L.P. was a Delaware master limited partnership headquartered in Pennsylvania, that owned interests in companies engaged in the business of natural gas exploration, production, gathering and processing. Atlas Energy, L.P.’s common units representing limited partnership interests were registered under Section 12(b) of the Exchange

Act and traded on the New York Stock Exchange under the ticker symbol “ATLS.” Targa Resources Corp. acquired Atlas Energy, L.P. in 2015.

5. Atlas Resource Partners, L.P. was a Delaware master limited partnership headquartered in Pennsylvania, that was an independent developer and producer of natural gas, crude oil and natural gas liquids. Prior to its delisting and restructuring in 2016, Atlas Resource Partners, L.P.’s common units representing limited partnership interests were registered under Section 12(b) of the Exchange Act and traded on the New York Stock Exchange under the ticker symbol “ARP.”

6. KKR Financial Holdings LLC is a Delaware limited liability company headquartered in California, engaged in a specialty finance business primarily focused on corporate debt. Prior to its merger with KKR & Co. L.P. in 2014, KKR Financial Holdings LLC’s common stock was registered under Section 12(b) of the Exchange Act and traded on the New York Stock Exchange under the ticker symbol “KFN.”

7. MDC Partners Inc. is a Canadian corporation headquartered in New York, engaged in the advertising, marketing and communications businesses. MDC Partners Inc.’s common stock is registered under Section 12(b) of the Exchange Act and trades on the NASDAQ National Market under the ticker symbol “MDCA.”

8. New Residential Investment Corp. is a Delaware corporation headquartered in New York, engaged in the real estate investment business. New Residential Investment Corp.’s common stock is registered under Section 12(b) of the Exchange Act and trades on the New York Stock Exchange under the ticker symbol “NRZ.”

9. PennyMac Mortgage Investment Trust is a Maryland trust headquartered in California, that invests in residential mortgage loans and mortgage-related assets. PennyMac Mortgage Investment Trust’s common stock is registered under Section 12(b) of the Exchange Act and trades on the New York Stock Exchange under the ticker symbol “PMT.”

### **Facts**

10. The federal securities laws generally require any person or group who directly or indirectly acquires beneficial ownership of more than five percent or ten percent of the equity securities of a publicly-traded company to file public statements with the Commission to report information about their holdings of, and/or transactions in, such securities.

11. These beneficial ownership reports give investors the opportunity to evaluate whether the holdings and transactions of the company insiders and large shareholders could be indicative of the company’s future prospects. For example, Forms 3 and 4 are reports that corporate officers, directors, and certain beneficial owners of more than ten percent of a registered class of a company’s stock generally must use to report their initial holdings and subsequent transactions in a company stock. In addition, Schedules 13D and 13G are reports that beneficial owners of more than five percent of a registered class of a company’s stock generally must use to report holdings or intentions with respect to the company.

12. From at least January 2013 to June 2016, Stark provided legal services to the Hedge Fund and the Hedge Fund Manager, which included advice about the filing of beneficial ownership reports related to holdings of, and transactions in, securities of public companies.

13. Stark became aware through confidential attorney-client communications that the Hedge Fund Manager had crossed five or ten percent beneficial ownership thresholds requiring public disclosure of his securities holdings of publicly-traded companies on Schedule 13G or Form 3. In other instances, Stark became aware that the Hedge Fund Manager or the Hedge Fund's clients had engaged, or were about to engage, in securities transactions that soon would be publicized because the Hedge Fund Manager was subject to Form 4 filing requirements as a greater-than-ten-percent beneficial owner of securities of the relevant issuer.

14. Stark knew that the information he obtained from the Hedge Fund and Hedge Fund Manager regarding securities transactions in, and beneficial ownership of, public companies was material and nonpublic, and that he should not trade on the information.

15. However, between February 2013 and September 2015, Stark repeatedly capitalized on material nonpublic information he had received in confidence by purchasing stock in companies for which he was about to file a beneficial ownership report on behalf of the Hedge Fund Manager. After Stark signed and filed the relevant beneficial ownership reports on behalf of the Hedge Fund Manager, the company's stock price increased. Stark made ill-gotten gains of \$7,608 by trading in advance of the filings on seven occasions as set forth in the chart below:

Issuer	Purchase Date	Quantity	Filing Type and Date	Illegal Profits
KFN	2/4/13	6,000	Schedule 13G/A 2/8/13	\$1,140
MDCA	2/7/13	2,900	Schedule 13G 2/7/13	\$261
ARP	11/12/13 11/13/13 11/19/13	1,000 1,000 1,900	Form 3 11/22/13	\$1,040 \$1,110 \$2,227
NRZ	2/10/14	2,000	Schedule 13G 2/10/14	\$260
ARP	5/12/14	1,000	Form 4 5/12/14	\$190
ATLS	1/16/15	1,000	Form 4 1/21/15	\$930
PMT	9/4/15	500	Schedule 13G 9/11/15	\$450

16. By purchasing these securities on the basis of material nonpublic information concerning the Hedge Fund Manager's anticipated beneficial ownership report filings, Stark misappropriated the information and breached a duty of trust or confidence he owed to the Hedge Fund and the Hedge Fund Manager.

17. Stark knew, or was reckless in not knowing, that his securities transactions were in breach of the duty of trust or confidence he owed to the Hedge Fund and the Hedge Fund Manager.

## **Findings**

18. Based on the foregoing, the Commission finds that Stark willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

19. Based on the foregoing, the Commission finds that Stark engaged in conduct within the meaning of Section 4C(a)(3) of the Exchange Act and Rule 102(e)(1)(iii) of the Commission's Rules of Practice.

## **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Stark's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Respondent Stark shall cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent Stark is denied the privilege of appearing or practicing before the Commission as an attorney.

C. Respondent Stark shall, within 10 days of the entry of this Order, pay disgorgement of \$7,608, prejudgment interest of \$905, and a civil money penalty in the amount of \$7,608, for a total of \$16,121, 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 of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600, and if timely payment of the civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

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 Alan M. Stark 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 Brendan P. McGlynn, Assistant Regional Director, Philadelphia Regional Office, Division of Enforcement, Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103.

D. 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 Securities and Exchange Commission. 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.

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