

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 82361 / December 19, 2017

INVESTMENT ADVISERS ACT OF 1940
Release No. 4829 / December 19, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18311

In the Matter of

**MATRIX CAPITAL MARKETS,
LLC and NICHOLAS M.
MITSAKOS,**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE
PROCEEDINGS PURSUANT TO
SECTION 15(b) OF THE
EXCHANGE ACT OF 1934 AND
SECTIONS 203(e) AND 203(f) OF
THE INVESTMENT ADVISERS
ACT OF 1940, MAKING
FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Sections 203(e) and 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Matrix Capital Markets, LLC (“Matrix”) and Nicholas M. Mitsakos (“Mitsakos”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have 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, Respondents admit the Commission’s jurisdiction over them and the subject matter of these proceedings, and, as to Mitsakos, the findings contained in paragraphs 4 and 6 below and, as to Matrix, the findings contained in paragraph 4 below, and consent to the entry of this Order Instituting Administrative Proceedings Pursuant to

Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(f) of the Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offer, the Commission finds that:

1. Matrix is a Delaware limited liability company, whose principal place of business was in San Francisco, California. Matrix was an investment adviser registered with the State of California during the time of the alleged misconduct, from approximately the spring of 2014 to the summer of 2016 (the “Relevant Period”).
2. Mitsakos, age 58, is a resident of San Francisco, California and is the founder, Chairman, Chief Executive Officer, and Chief Investment Officer of Matrix. Mitsakos passed the Series 7 exam in September 1991 and the Series 65 Exam in January 2014.
3. Mitsakos participated in an offering of Cardax, Inc. stock during the Relevant Period, which is a penny stock.
4. On August 11, 2016, the Commission filed a civil action in the United States District Court for the Southern District of New York against Respondents in SEC v. Matrix Capital Markets, LLC and Nicholas M. Mitsakos, Civil Action No. 16-CV-6395 (S.D.N.Y.). On April 7, 2017, the Commission filed an amended complaint in this civil action. On December 4, 2017, the Court entered an order permanently enjoining Respondents, by consent, from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 17(a) of the Securities Act of 1933, and Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.
5. The Commission’s amended complaint alleges that, during the Relevant Period, Respondents made false and misleading statements to prospective investors and financial institutions in order to raise funds for investment vehicles to be managed by Matrix and Mitsakos. These numerous false and misleading statements included lying about investment returns purportedly achieved by Matrix, assets under management, and broker and auditor relationships. The complaint also alleged that Matrix and Mitsakos misappropriated approximately \$800,000 of investor funds.
6. On May 25, 2017, Mitsakos pleaded guilty to one count of conspiracy to commit securities fraud and wire fraud [15 U.S.C. § 78j(b), 15 U.S.C. § 78ff and 18 U.S.C. § 1343] in violation of 18, U.S.C. § 371, before the United States District Court for the Southern District of New York, in United States v. Nicholas Mitsakos, 16-cr-631 (S.D.N.Y.). On or about November 9, 2017, the Court entered a judgment and conviction based on these offenses.
7. The count of the criminal indictment to which Mitsakos pleaded guilty alleged, inter alia, that Mitsakos, and others known and unknown, willfully and knowingly did

combine, conspire, confederate, and agree together and with each other to commit securities fraud and wire fraud.

IV.

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

Accordingly, it is hereby ORDERED that, pursuant to Section 15(b)(6) of the Exchange Act and Sections 203(e) and 203(f) of the Advisers Act:

- A. Respondent Matrix is hereby censured.
- B. Respondent Mitsakos be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

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.

Any reapplication for association by Respondent Mitsakos 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 the Respondent, 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.

By the Commission.

Brent J. Fields
Secretary