

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4718 / June 22, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18043**

<p><b>In the Matter of</b></p> <p style="text-align:center"><b>Serofim Muroff</b></p> <p><b>Respondent.</b></p>
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**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Serofim Muroff (“Respondent”).

**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 and the findings contained in paragraph III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

**III.**

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

1. Respondent Muroff, age 40, is a resident of Boise, Idaho. Respondent was Chief Executive Officer and principal of investment adviser Blackhawk Manager, LLC

(“Blackhawk Manager”) from its formation in October 2009 until the present and Chief Executive Officer of investment adviser ISR Capital, LLC (“ISR Capital”) from its formation in November 2011 until the present.

2. On May 10, 2017, a final judgment was entered by consent against Respondent permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, in a civil action entitled Securities and Exchange Commission v. Serofim Muroff, et al. (Civil Action No. 1:17-cv-00180 EJL), in the United States District Court for the District of Idaho.

3. The complaint in the District Court action alleged, *inter alia*, that Respondent misappropriated and misused millions of dollars of funds invested through the EB-5 Immigrant Investor Program, administered by the United States Citizenship and Immigration Services. The complaint alleges that Respondent was associated with Blackhawk Manager and ISR Capital, investment advisers to investment funds into which over 280 foreign investors invested approximately \$140 million, and that Respondent represented to investors that their funds would be used for a luxury real estate development in McCall, Idaho and for mining projects in Idaho and Montana. The complaint further alleges that Respondent misrepresented to the investors for nearly three years that the investors had purchased for \$28 million and in fact owned the real estate for the McCall development, when in reality Respondent used investor funds to purchase the real estate with his business partner for \$7.8 million and then misappropriated approximately \$5 million of investor funds for personal purposes and misused another \$5.6 million of investor funds to pay a foreign middleman who referred investors to the funds. Additionally, the complaint alleges that Respondent diverted \$20 million of investor funds, and ultimately lost approximately \$640,000 of the funds, for an options trading strategy that was not disclosed to investors.

4. The conduct that is the basis of Respondent’s permanent injunction arises out of the conduct of the business of an investment adviser and occurred while Respondent was associated with an investment adviser.

#### IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Serofim Muroff 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.

Any reapplication for association by Respondent 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 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