

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 85341 / March 18, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19109

In the Matter of

ROBERT P. DEPALO,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
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”) against Robert P. DePalo (“DePalo” or “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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, 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. DePalo was the Chairman, Chief Executive Officer, and indirect majority owner of Arjent LLC ("Arjent US"), a broker-dealer previously registered with the Commission. DePalo also served as a registered representative, board member, and chief compliance officer (until January 2011) of Arjent US. DePalo was also the President and Managing Member of a holding company named Pangaea Trading Partners LLC ("Pangaea"), and the Chairman and Chief Executive Officer of Arjent Ltd., a UK-based broker dealer, which is currently winding down its business ("Arjent UK"). DePalo, 63 years old, is a resident of Brookville, New York.

2. On February 5, 2019, a final judgment was entered by consent against DePalo, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a); Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5; and from aiding and abetting further violations of Section 17(a) of the Exchange Act, 15 U.S.C. § 78q(a), and Rule 17a-3(a)(12) thereunder, 17 C.F.R. § 17a-3(a)(12), in the civil action entitled Securities and Exchange Commission v. Robert P. DePalo, et al., Civil Action Number 15-CV-3877 (KMW), in the United States District Court for the Southern District of New York.

3. The Commission's complaint alleged that DePalo engaged in a scheme to defraud investors who purchased units in Pangaea, a holding company that held itself out as holding indirect interests in both Arjent US and Arjent UK. The scheme was perpetrated primarily by and through DePalo through material misrepresentations and omissions he made in the offer and sale of \$6.5 million in Pangaea units to 22 investors from approximately September 2010 through September 2012.

4. On July 26, 2018, Defendant was convicted after trial of criminal conduct relating to certain matters alleged in the complaint in this action. Specifically, in New York v. DePalo, et al., Indictment No. 01450/2015 (N.Y. Sup. Ct.) ("New York v. DePalo"), DePalo was convicted of one count of grand larceny in the first degree in violation of NY Penal Law § 155.42; two counts of grand larceny in the second degree in violation of NY Penal Law § 155.40(1); one count of money laundering in the first degree in violation of NY Penal Law § 470.20(1)(b)(ii)(A); three counts of money laundering in the second degree in violation of NY Penal Law § 470.15(1)(b)(ii)(A); one count of scheme to defraud in the first degree in violation of NY Penal Law § 190.65(1)(a); one count of scheme to defraud in the first degree in violation of § 190.65(1)(b); one count of securities fraud in violation of NY General Business Law § 352-c(5); four counts of securities fraud in violation of NY General Business Law § 352-c(6); one count of criminal tax fraud in the second degree in violation of NY Tax Law § 1805; and one count of criminal tax fraud in the third degree in violation of NY Tax Law § 1804. On September 4, 2018, DePalo was sentenced to seven years to 21 years imprisonment in connection with these charges, and was ordered to pay restitution of \$6,500,000.

5. The counts of the Indictment on which DePalo was convicted alleged, inter alia, that DePalo defrauded Pangea investors through a course of conduct with intent to defraud to obtain property by false and fraudulent pretenses, representations and promises while inducing and promoting the issuance, distribution, exchange, sale negotiation or purchase of Pangea securities.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, that Respondent DePalo 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

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent DePalo be, and hereby is 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 the 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 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.

Vanessa A. Countryman
Acting Secretary