

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5519 / June 5, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19825

In the Matter of

Douglas Leighton,

Respondent.

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 Douglas Leighton (“Leighton” 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, 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. Leighton was the Managing Director of Dutchess Capital Management II LLC, which was an unregistered investment adviser. Dutchess Capital was the general partner of, and made the investment decisions for, Dutchess Opportunity Fund II LP. Leighton, 51 years old, is a resident of Boston, Massachusetts.

2. On June 3, 2020, a final judgment was entered by consent against Leighton, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933, Sections 9(a)(2), 10(b), 13(d), and 16(a) of the Securities Exchange Act of 1934 and Rules 10b-5, 13d-1, and 16a-3 thereunder, in the civil action entitled Securities and Exchange Commission v. Douglas Leighton, et al., Civil Action Number 20-cv-10686, in the United States District Court for the District of Massachusetts.

3. The Commission's complaint alleged that Leighton directed the trading by a group of investors in MassRoots Inc. (OTC Pink: MSRT). Specifically, the complaint alleged that Leighton directed the group of investors to make public market purchases and sales of MassRoots stock at specific volumes and prices; in doing so, he engaged in conduct that operated as a fraud and deceit on other investors and manipulated the volume and price of trading in MassRoots stock. The complaint also alleged that Leighton violated reporting provisions of the Exchange Act that, among other requirements, required Leighton and his group of investors to publicly disclose their holdings and sales of MassRoots stock.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Leighton be, and hereby is barred from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) 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
Secretary