

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2441 / October 12, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-12081

In the Matter of
ANGELO HALIGIANNIS,
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”) [15 U.S.C. § 80b-3(f)] against Angelo Haligiannis (“Haligiannis”).

II.

In anticipation of the institution of these proceedings, Haligiannis 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, the subject matter of these proceedings, and the findings contained in Section III.2. below, which are admitted, Haligiannis 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 Haligiannis's Offer, the Commission finds that:

1. From 1996 until 2004 (the "Relevant Period") Haligiannis acted as the president of Sterling Watters Capital Advisors, LLC ("Sterling Advisors"), a Delaware limited liability company, and as the chief operating officer of Sterling Watters Capital Management, Inc. ("Sterling Capital"), a Delaware corporation. During the Relevant Period, Sterling Advisors and Sterling Capital operated as general partners of Sterling Watters Group LP ("Sterling Watters"), a Delaware limited partnership that operated as a hedge fund. Sterling Advisors was responsible for management of the Sterling Watters securities portfolio and was an investment adviser for purposes of the antifraud provisions of the Investment Advisers Act of 1940 ("Advisers Act"). Sterling Capital was responsible for administrative services of Sterling Watters and was an investment adviser for purposes of the antifraud provisions of the Advisers Act. Haligiannis, 32 years old, is a resident of New York City.

2. On September 19, 2005, Haligiannis pled guilty to one count of securities fraud in violation of Title 15, United States Code, Sections 78j(b) & 78ff; and Title 17, Code of Federal Regulations, Section 240.10b-5, and one count of investment adviser fraud in violation of Title 15, United States Code, Sections 80b-6(1), 80b-6(2) and 80b-17. United States v. Haligiannis, 04 Cr. 1058 (S.D.N.Y.) The conviction was entered on that date.

3. The counts of the criminal indictment to which Haligiannis pled guilty alleged, *inter alia*, that Haligiannis, using various instrumentalities of interstate commerce, defrauded investors and obtained money and property by means of materially false and misleading statements concerning the investment performance of Sterling Watters.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act [15 U.S.C. § 80b-3(f)], that Haligiannis be, and hereby is barred from association with any investment adviser.

Any reapplication for association by Haligiannis 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 Haligiannis, 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.

For the Commission, by its Secretary, pursuant to delegated authority.

Jonathan G. Katz
Secretary