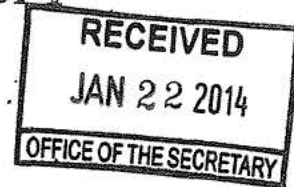


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UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING

File No. 3-15626

In the Matter of

PARALLAX INVESTMENTS, LLC

JOHN P. BOTT, II, AND

F. ROBERT FALKENBERG

Respondents.

RESPONDENTS PARALLAX INVESTMENTS, LLC AND JOHN P. BOTT, II,
ORIGINAL ANSWER

The Order Instituting Administrative Proceedings (OIP) was issued by the Commission on November 26, 2013. Respondents Parallax and Bott were served Service Copies of the OIP on November 27, 2013. Commission Rules of Practice Rule 220, 17 C.F.R. 201.220, mandates filing an answer within twenty (20) days of service of the OIP on Respondents. The date for filing an Answer was subsequently extended to January 15, 2014.

I

Parallax and Bott (collectively, "Respondents") deny that it is in the public interest that public administrative and cease-and-desist proceedings should be instituted against

Parallax and Bott, and demands that the Division of Enforcement (the “Division”) prove the allegations by a preponderance of the evidence.

II

A. SUMMARY

1. Respondents admit that Parallax had been registered with the Commission from March 2010 to November 2012 but denies all remaining allegations in Paragraph 1.
2. As to Bott, Respondents deny the allegations in the first sentence of paragraph 2, but admit the remaining allegations in Paragraph 2.

B. RESPONDENTS

3. Respondents admit the allegations in Paragraphs 3.
4. Respondents admit the allegations in Paragraph 4 except that Bott is a resident of Pearland, Texas and is currently 62 years of age.
5. Respondents are without information or knowledge sufficient to either admit or deny the allegations in Paragraph 5, except that Respondents admit that Falkenberg became CCO of Parallax (January 2010 to September 2011).

C. OTHER RELEVANT ENTITY

6. Respondents deny the allegations in Paragraph 6.

D. FACTS

7. Respondents admit the allegations in Paragraph 7.
8. Respondents admit the allegations in Paragraph 8.

9. Respondents admit the allegations in the first sentence, but are without information or knowledge sufficient to either admit or deny the remaining allegations of Paragraph 9.
10. Respondents admit the allegations in Paragraph 10.

Respondents Deny Parallax Engaged in Thousands of Principal Transactions without Making Required Disclosures and Obtaining Client Consents

11. Respondents deny the allegations in Paragraph 11.
12. Respondents deny the allegations in Paragraph 12 except admit that none of the gross sales credits were paid to Parallax, and Parallax has never been paid sales credits.
13. Respondents deny the allegations in Paragraph 13 except admit that a compliance manual was purchased by Parallax in 2009 which contained a discussion of Section 206(3) of the Advisers Act.

Respondents Deny that Parallax Failed to Comply with the Custody Rule

14. Respondents admit the allegations in Paragraph 14.

The Allegations set forth in Paragraphs 15, 16, 17 and 18 are ambiguous and confusing. There are many dates described therein associated with the “financial Statements” and are used on numerous occasions between Parallax Capital Partners (“PCP”) and Parallax Investments (“Parallax”) in describing the alleged actions or inactions of Respondents. Respondents can only deny the allegations in Paragraphs 15-18. Respondents will file an Amended Answer after they have had an opportunity to thoroughly review the Division’ production and their own files. Respondents admit that the

2010 PCP Financial Statements were prepared by a PCAOB-registered auditor in compliance with Rule 206(4)-2 of the Advisers Act in October 2011 and sent to Parallax clients in November 2011.

19. Respondents admit the allegations in Paragraph 19.

Respondents Deny that they Failed to Adopt and Implement Written Compliance Policies and Procedures and a Written Code of Ethics

20. Respondents deny the allegations in Paragraph 20.

21. Respondents admit the allegations in Paragraph 21.

22. Respondents admit the first sentence in Paragraph 22 but are without information or knowledge to either admit or deny the remaining allegations in Paragraph 22.

23. Respondents admit the allegations in Paragraph 23.

24. Respondents deny the first sentence of Paragraph 24, but admit the remaining allegations in Paragraph 24.

25. Respondents are without information or knowledge sufficient to either admit or deny the allegations in Paragraph 25 except admit the last sentence of Paragraph 25.

26. Respondents deny the first sentence of Paragraph 26. Respondents admit that Parallax's 2009 Manual contained a section titled "Code of Ethics", but deny that the ethics policy was never established, maintained or enforced. Respondents deny that Parallax failed to (a) identify and designate all access persons; (b) admit it failed to obtain written acknowledgements from all access persons, and (c) deny that Parallax failed to require all access persons to report their securities transactions and holdings as required by Advisers Act Rule 204A-1.

E. VIOLATIONS

27-34. Respondents deny each and every allegation set forth in Paragraphs 27-34.

SUMMARY

Respondents deny that the Commission is entitled to any relief it seeks as set forth in Sections A through F. Respondents request that (1) the Hearing be set in Houston, Texas and (2) all allegations of violations of the Acts cited in the Order Instituting Proceedings be dismissed with prejudice.

Dated: January 14, 2014.

Respectfully submitted,



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