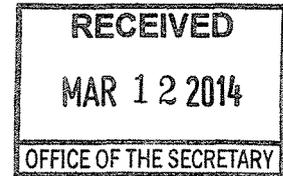


UNITED STATES OF AMERICA
BEFORE THE SECURITIES AND EXCHANGE COMMISSION



IN THE MATTER OF: : ADMINISTRATIVE PROCEEDING
MARK FEATHERS : FILE NO.: 3-15755
: RESPONDENT MARK FEATHERS ANSWER
RESPONDENT. : AND DEFENSES

Pursuant to Rule 220 of the Securities and Exchange Commission's ("SEC") Rules of Practice, 17 C.F.R. § 201.220, Respondent Mark Feathers answers the Order Instituting Administrative Proceedings ("OIAP") Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Notice of Hearing, dated February 18, 2014, as follows:

GENERAL RESPONSE

Respondent knows of no other similar administrative proceedings initiated against a respondent which were (1) essentially identical to allegations made in a civil lawsuit against same party, and (2) in which these allegations are currently under review by a federal appellate court at the time the SEC initiates such proceedings. Respondent's intentions are to pre-emptively challenge these Administrative Proceedings under the 5th Amendment to the Bill of Rights of the Constitution for due process interferences which have been, and which may be, caused by SEC, in addition to unequal treatment of the Respondent, which is another Constitutional violation of SEC. It is Respondent's intention to file a Complaint against SEC in a federal district court, or, follow guidance of the 9th Circuit Court of Appeals on this matter, which now has before it a request for an injunction against a hearing on these proceedings. Respondent asserts that these proceedings violate Constitutional protections, and also appear to constitute double jeopardy proceedings, and may violate provisions of the Dodd-Frank Reform Act.

Based upon prior undisclosed SEC files now turned over to Respondent due only to a requirement for such with the OIAP, it appears that the Division of Enforcement has relied upon the papers and conversations with a particular party, Ms. Lee Emerson, who was a former investor of the Respondent's investment funds, and who appears to have been engaged as an unlicensed broker-dealer for many years, which SEC must recognize. SEC's Enforcement Division intentionally, or by recklessness, failed to recognize Emerson's conflicts of interest, most likely due to SEC's desire to burnish their shattered image post-Madoff. It will be readily demonstrated that Emerson filed a complaint with SEC for self-serving purposes only after Emerson's investors' suffered losses in civil law proceedings. Emerson also made substantial monetary gain from illicit broker-dealer fees moving her assets and those of her investors from Respondent's investment funds to another investment fund. This party, Lee Emerson, in bad faith, initiated a complaint with SEC's Enforcement Division, who then added further to

this bad faith as described herein. The outcome of these proceedings, if not ordered discontinued by civil court, or if these proceedings are not withdrawn by SEC's Enforcement Division, will hinge largely upon a character and motivation determination by the ALJ of Emerson. For this reason, this matter should receive substantial pre-hearing or hearing attention.

Further, certain paragraphs contained in the OIAP lack sufficient specificity and information for Respondent to either admit or deny the allegations in the respective paragraphs, or otherwise adequately respond, and will be the subject of a Motion for More Definitive Statements filed following this Answer. Any allegations not expressly admitted herein are denied.

FIRST DEFENSE

Paragraph 1. Sentences one and two are not contested.

Sentence three "Through SBCC...sold..." is vague. Small Business Capital Corp. ("SBCC") was an issuer of stocks on behalf of Investors Prime Fund, LLC ("IPF"), and SBC Portfolio Fund, LLC, ("SPF") and in the case of IPF, SBCC sold by way of a securities permit issued through the California Dept. of Corporations, and in the case of SPF, SBCC was exempt from registering itself or the units of this fund with SEC.

Sentence four "Feathers controlled the funds" is vague and misleading. SBCC controlled the funds, not "Feathers". SBCC itself was the fund's "managing member", subject to conditional authority to manage the funds provided by their members, and as outlined in the funds offering documents.

Sentence five "SBCC acted as a broker" is in effect the allegation of SEC in these proceedings. This fact is contested by Respondent, who through his counsel for the funds at all times was informed that SBCC was an "issuer", and not a "broker".

Sentence six "Feathers was associated..." is not contested.

Sentence seven "The Funds have never..." is not contested.

Paragraph 2. The "order and final judgment" of the Civil Action Number 5:12 03237-EJD is now under appeal for good cause with the U.S. 9th Circuit Court of Appeals. This respondent anticipates the lawsuit will be dismissed, or remanded with a requirement for SEC to file a new Complaint. This Respondent thinks it is for this very fact that SEC has initiated their OIAP, in order to accomplish administratively what it appears they will not accomplish in their civil law action.

Paragraph 3. The summary writings of SEC in this paragraph are not contested. The trial Court's summary findings have been appealed to the U.S. 9th Circuit Court of Appeals. Respondents opening brief to his appeal and to the writings of SEC in Paragraph 4 may be found at www.markfeathers.com. SEC has not yet responded to the opening brief, having been granted an extension to file its answer until the middle of April, 2014. In keeping with requirements to keep this Answer simple and straightforward, Respondent will not cite the thirty pages of his opening brief with the 9th Circuit within this Answer.

Paragraph 4. SEC's further description of the Court's order outlined within this paragraph is not contested. These summary findings have also been appealed to the U.S. 9th Circuit Court of Appeals. Respondents opening brief to his appeal, and the issues outlined by SEC in Paragraph 4 may be found at www.markfeathers.com.

III. and IV.

Respondent is in agreement that there will be benefit in making these proceedings of a public nature. The public may benefit by gaining knowledge that SEC, in its Complaint, submitted its Complaint *ex parte, prima facie*, and under seal. The public will benefit in knowing that SEC's Complaint was replete with false financial illustrations, material omissions about the express and implied provisions of the offering documents of the funds, and SEC's repeated usage of the prejudicial label "Ponzi-like scheme".

The public will also benefit in knowing that SEC falsely stated under oath that their recommended receiver was a "licensed CPA", even though he is not, and that SEC has now made such statements in two federal securities lawsuits for this receiver, Thomas Seaman, and that Seaman has been employed almost continuously by way of SEC referrals for almost a decade, and due to his substantial self-gains, was in no position to be a neutral and unbiased party from the outset of these civil lawsuit proceedings. The public will also benefit in knowing that SEC has also perjured himself in his Court pleadings, in that he has advertised himself in the past as a CPA, but has provided sworn statements otherwise which are false. The public will benefit in knowing that the U.S. General Accounting Office has requested time and time to Congress that SEC discontinue its ongoing appointments of receivers such as Thomas Seaman, due to conflicts of interest, or due to the potential for appearance of conflict of interest in situations like SEC's civil lawsuit against Respondent.

Respondent is in agreement that public proceedings like this may serve as a beneficial catalyst for change to be required from the public, Congress, and the White House with a federal agency such as SEC that is using its power corruptively.

Respondent is in agreement that public proceedings may establish an opportunity for Respondent to demonstrate to the public, in case they are not already aware, that Respondent was deprived of due process rights and rights to have and hold his property, both of which were violated (4th and 5th Amendments to the Bill of Rights), and that these violations by SEC will now potentially cause the very same violations in SEC Administrative Proceedings.

Respondent is in agreement that with proceedings such as this one there may be public benefit by determining if SEC is attempting using Administrative Proceedings to establish an unfair playing field to its advantage, when attempting to determine if there have been violations of securities laws which it is authorized to safeguard against.

Respondent believes that these Administrative Proceedings are unfounded, and that the Administrative Law Judge assigned to these proceedings, upon close review of the Offering Documents and related material of Investors Prime Fund, LLC, and SBC Portfolio Fund, LLC, will determine that Respondent adhered to those requirements. Respondent believes that the Administrative Law Judge assigned to these proceedings may also recognize genuine Constitutional violations of SEC, as well as the possibility that proceedings such as these for securities not required to be registered with SEC, as well as registered with the California Department of Corporations, properly belong in the Jurisdiction of California Courts of Law, and not with SEC.

SECOND DEFENSE

The Division of Enforcement has failed to state a cause of action upon which relief can be granted.

THIRD DEFENSE

The Division of Enforcement failed to benefit the Respondent with any of the normal processes to which it typically affords others, including those who are registered with SEC, i.e., corrective action letters, deficiency letters, Wells notices, etc.

FOURTH DEFENSE

The Division of Enforcement appears to be looking for relief of monetary penalties and securities bans or restrictions against Respondent, on issues SEC alleges, and of which some or all took place before Frank-Dodd provisions allowed for such.

FIFTH DEFENSE

The Division of Enforcement's claims and requested relief are barred by the statute of limitations and doctrine of laches.

FIFTH DEFENSE

The Division of Enforcement's claims and requested relief are barred by the doctrine of estoppel.

SIXTH DEFENSE

Respondent relied in good faith on fair and equal treatment of SEC's Enforcement Division Staff to outline to him what complaint there was against himself and his businesses. Knowledge of the complaint was only gained by way of an actual civil lawsuit Complaint, and which itself was sealed, *ex parte*, and *prima facie*, and robbed Respondent of his resources at that time in June of 2012, and continued to rob him through this same date, of the ability to ensure due process in these matters.

SEVENTH DEFENSE

The Division of Enforcement's claims and requested relief are barred by the doctrine of fair notice.

Respectfully submitted this 12th day of March, 2014.



Mark Feathers

Respondent