

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3774 / February 5, 2014

INVESTMENT COMPANY ACT OF 1940
Release No. 30907 / February 5, 2014

Admin. Proc. File No. 3-15263

In the Matter of

ZPR INVESTMENT MANAGEMENT, INC., and
MAX E. ZAVANELLI

ORDER GRANTING
EXTENSION

Chief Administrative Law Judge Brenda P. Murray has moved, pursuant to Commission Rule of Practice 360(a)(3),¹ for a 120-day extension to issue the initial decision in this proceeding. For the reasons set forth below, we grant her motion.

On April 4, 2013, we issued an Order Instituting Proceedings ("OIP") against ZPR Investment Management, Inc., a registered investment adviser, and Max E. Zavanelli, ZPR's former president, chief operating officer, and sole owner.² The OIP alleges that respondents distributed advertisements to prospective clients that omitted material information which would have revealed that ZPR's historical performance results were underperforming its benchmark index rather than outperforming it, misleadingly stated that ZPR was in compliance with the Global Investment Performance Standards ("GIPS") for its performance results, and falsely claimed ZPR's performance results had been verified by a GIPS verification firm. The OIP alleges that, as a result of this conduct, respondents willfully violated the antifraud provisions of the Investment Advisers Act of 1940.³

The OIP directs the presiding law judge to issue an initial decision within 300 days of the date of service of the OIP. On December 19, 2013, Chief Judge Murray filed a motion stating

¹ 17 C.F.R. § 201.360(a)(3).

² *ZPR Inv. Mgmt., Inc.*, Advisers Act Release No. 3574, 2013 WL 1343127 (Apr. 4, 2013).

³ Specifically, that respondents willfully violated Advisers Act Sections 206(1) and 206(2), 15 U.S.C. § 80b-6(1) & (2), and ZPR willfully violated and Zavanelli willfully aided and abetted and caused ZPR's violations of Advisers Act Section 206(4) and Rule 206(4)-1(a)(5) thereunder, 15 U.S.C. § 80b-6(4) & 17 C.F.R. § 275.206(4)-1(a)(5).

that the initial decision is due on February 3, 2014, and requesting an extension pursuant to Commission Rule of Practice 360(a)(3).

We adopted Rules of Practice 360(a)(2) and 360(a)(3) to enhance the timely and efficient adjudication and disposition of Commission administrative proceedings by setting deadlines for issuance of an initial decision.⁴ The rules further provide for deadline extensions under certain circumstances, if supported by a motion from the Chief Administrative Law Judge and we determine that "additional time is necessary or appropriate in the public interest."⁵

In her motion, Chief Judge Murray states that it will not be possible for the presiding law judge to issue an initial decision by the due date. She notes that the hearing in this proceeding, which took place over seven non-consecutive days, commencing on September 30, 2013, and ending on October 25, 2013, had been scheduled later than usual because of the parties' scheduling conflicts with an earlier hearing and because of discovery issues. She also notes that the hearing produced over 1,800 pages of transcript and 201 exhibits, and that post-hearing reply briefs were not due until December 19, 2013. Moreover, according to the motion, the presiding law judge has an initial decision due in January 2014 in a complex proceeding with five respondents, and is scheduled to preside at lengthy hearings beginning on January 21, 2014, and March 31, 2014. Under the circumstances, it is appropriate in the public interest to grant the Chief Administrative Law Judge's request and to extend the deadline for issuance of a decision in this matter.

Accordingly, IT IS ORDERED that the deadline for filing the initial decision in this proceeding is extended to June 3, 2014.

By the Commission.

Elizabeth M. Murphy
Secretary

⁴ See *Adopting Release*, Exchange Act Release No. 48018, 2003 WL 21354791, at *2 (June 11, 2003).

⁵ 17 C.F.R. § 201.360(a)(3).