

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3725 / November 26, 2013

INVESTMENT COMPANY ACT OF 1940
Release No. 30809 / November 26, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15625

In the Matter of

**AMBASSADOR CAPITAL
MANAGEMENT, LLC and
DEREK H. OGLESBY,**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTIONS 203(e), 203(f), AND 203(k) OF
THE INVESTMENT ADVISERS ACT OF
1940, AND SECTIONS 9(b) AND 9(f) OF
THE INVESTMENT COMPANY ACT OF
1940**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”) against Ambassador Capital Management, LLC and Derek H. Oglesby (collectively “Respondents”).

II.

After an investigation, the Division of Enforcement alleges that:

1. This case involves misconduct and compliance failures in the operation of Ambassador Money Market Fund (AMMF), a money market fund series offered by Ambassador Funds (Ambassador Funds) and managed by Ambassador Capital Management (ACM). ACM and Derek Oglesby, the portfolio manager principally responsible for AMMF, violated the federal securities laws by repeatedly making false statements to AMMF’s Board of Trustees regarding the level of risk in AMMF’s portfolio, including statements regarding maturity restrictions, exposure to European issuers, and diversification.

2. In addition, ACM and Oglesby caused AMMF's failure to comply with Rule 2a-7 of the Investment Company Act of 1940, which limits the amount of risk that money market fund portfolios can have. Specifically, ACM and Oglesby caused AMMF's failure to comply with Rule 2a-7's risk limitations by purchasing securities posing more than a "minimal credit risk" under ACM's own guidelines, as well as securities which violated Rule 2a-7's conditions on issuer diversification, and by failing to subject AMMF's portfolio to appropriate stress testing. As a result, AMMF was not authorized to use the amortized cost method of valuing securities (under which it priced its securities at \$1 a share) and hold itself out as a money market fund under the Investment Company Act.

3. Finally, ACM caused Ambassador Funds' failure to implement adequate written compliance policies under Rule 38a-1 of the Investment Company Act. ACM failed to follow Ambassador Funds' compliance procedures regarding the minimal credit risk determination for securities purchased for AMMF's portfolio. Accordingly, ACM caused Ambassador Funds to violate Rule 38a-1.

A. Respondents

4. Ambassador Capital Management, LLC is a Michigan limited liability company with its principal place of business in Detroit, Michigan. ACM has been registered with the Commission as an investment adviser since 1998. ACM's advisory clients include governmental entities, pension and profit sharing plans and charities. According to its latest Form ADV, ACM has approximately \$1.1 billion in assets under management in 25 accounts. ACM generates income for its clients primarily by investing in fixed-income securities.

5. Derek H. Oglesby, age 36, is a resident of Bloomfield Hills, Michigan. He is a portfolio manager at ACM and a chartered financial analyst. Oglesby was responsible for managing AMMF's portfolio and its day-to-day operations from 2009 until its liquidation in June 2012. Oglesby currently works as Director of Quantitative Research at ACM and is responsible for managing the shorter-term and longer-term portfolios for ACM.

B. Other Relevant Entities

6. Ambassador Money Market Fund (AMMF or "the Fund") was Ambassador Funds' prime money market fund series which operated from 2000 until its liquidation in June 2012.

7. Ambassador Funds is a Delaware business trust with its principal place of business in Detroit, Michigan. Ambassador Funds is an open-end diversified management investment company registered with the Commission since 2000.

C. The Commission's 2011 Compliance Examination

8. As of October 2011, AMMF consistently had generated a return which significantly exceeded that for the prime money market funds in its peer group. In addition, AMMF also owned securities issued by Dexia, SA, a French-Belgian bank, after it was taken into receivership by France, Luxembourg and Belgium on October 10, 2011. Further, AMMF held the asset backed commercial paper of a troubled German bank and two Italian issuers.

9. Given these concerns, in November 2011, the Commission conducted a compliance examination of AMMF. During that examination, the *Wall Street Journal* reported that Moody's issued negative ratings actions on 12 German banks, two of which sponsored asset-backed commercial paper held by AMMF. However, ACM's chief investment officer was unaware of these downgrades.

10. ACM also provided the Commission's compliance examiners with compliance policies and procedures which did not address recent amendments to Rule 2a-7.

D. ACM's Operation of AMMF

11. ACM has been the investment adviser to Ambassador Funds since 2000. AMMF was Ambassador Funds' money market fund from 2000 until its liquidation on June 30, 2012. Between January 1, 2009 and June 30, 2012, Ambassador Funds made numerous filings with the Commission, on behalf of AMMF, which identified AMMF as a money market fund.

12. AMMF's total net assets fluctuated significantly during the last several years of its operations. Between 2010 and 2012, the total dollar value of AMMF ranged from a low of \$130.9 million to a high of \$388 million.

13. Ambassador Funds paid ACM a management fee of .2% based on the average net daily assets of the Fund. ACM agreed to waive the Fund's expenses, to the extent required, so that the Fund's 1-day yield did not fall below .02%.

14. AMMF was designed to appeal to Michigan municipalities. In compliance with Michigan law, AMMF was permitted to invest in, among other things, U.S. Treasury instruments, certificates of deposit and asset-backed commercial paper.

15. AMMF generally invested in asset-backed commercial paper. However, after the financial crisis of 2008, the supply of asset-backed commercial paper decreased, which limited the number of investment options available to AMMF. As a result, AMMF's portfolio generally consisted of between 15-25 different holdings.

16. From time to time, more than half of the shareholders' investments in AMMF came from just two municipalities, the City of Detroit and Washtenaw County, Michigan. These municipalities invested in AMMF in order to manage cash in connection with municipal bond offerings and general operations, and in pursuit of liquidity and security.

E. AMMF's Board

17. From August 2010 until June 2012, the Board of Trustees of Ambassador Funds included four independent Trustees, who previously served on the board of a related fund.

18. When AMMF was organized in 2000, the Board delegated responsibility for the day-to-day operations of AMMF to ACM. This delegation expressly included the determination of “minimal credit risk” for all portfolio securities, a condition of compliance with Rule 2a-7.

19. The Board required ACM to use its own criteria to make the determination of minimal credit risk. AMMF also directed ACM to “prepare, maintain and preserve a written record of its determination regarding an investment’s minimal credit risks.”

20. ACM created and maintained a list of securities issues that had been approved after their purchase by the Fund (the “approved list”). The Board ratified the approved list on a quarterly basis. The “approved list” contained very limited information, such as the issuer name, support institution name, NRSRO rating, dealers and industry category for each issuer on the list. The approved list did not include any summary of ACM’s credit analyses.

21. In addition, AMMF’s Board required that representatives of ACM appear at Board meetings and make representations regarding the minimal credit risk of issuers on the approved list. However, in practice ACM merely offered boilerplate representations regarding the short-term credit rating of the securities purchased.

F. ACM Deceived the AMMF Board

22. ACM repeatedly and knowingly deceived the Board about risks in the AMMF portfolio by withholding important information from the Board regarding the credit risk of portfolio securities, and by making false and misleading statements to the Board regarding AMMF’s exposure to asset-backed commercial paper potentially affected by the Eurozone Crisis in 2011 and the diversification of AMMF’s portfolio.

1. ACM Withheld Information Regarding the Credit Risk of Portfolio Securities

23. Between June 2009 and May 2012, ACM repeatedly withheld important information from the AMMF Board regarding the determination of “minimal credit risk” in two different ways. First, ACM exceeded its own maturity restrictions for securities held in AMMF’s portfolio. Second, ACM purchased securities for AMMF without making a determination that the security posed a “minimal credit risk.”

a. ACM Exceeded Its Own Maturity Restrictions for Portfolio Securities

24. In an attempt to limit risk exposure in the Fund, ACM often imposed an internal restriction on the holding period for a security. Since AMMF generally held its securities until

maturity, the holding period is known as a maturity restriction. ACM failed to disclose to the Board that it regularly exceeded these internal maturity restrictions on portfolio securities.

25. For example, in 2009 AMMF held asset-backed commercial paper issued by White Point Funding, Inc. (“White Point”). In a credit research report dated June 2009 and signed by Oglesby, ACM concluded that:

White Point Funding, Inc. is structured with some risk factors due to its lack of diversification and the current credit crisis taking place globally. The portfolio is comprised of 100% credit cards and *should only be purchased between 1-3 days to avoid long-term risk exposure*. This credit represents risk. (emphasis added)

ACM provided this report to AMMF’s auditors in August 2009.

26. Despite concluding that AMMF should purchase White Point with a one to three day maturity range, ACM bought White Point on 14 different occasions during 2009 with maturities ranging anywhere between 7 and 85 days. Between June 2009 and July 2010, ACM purchased White Point on at least 5 occasions with a maturity period exceeding 30 days.

27. ACM never disclosed to AMMF’s Board that the Fund was violating its own maturity restriction regarding White Point, or that ACM had determined that White Point “represents risk.”

28. In 2010, ACM created its own rating for issuers of securities, using a scale of “A,” “B” and “C.” These ratings corresponded with maturity periods for the Fund’s portfolio securities, and represented ACM’s own assessment of an appropriate holding period for each security. In an October 2011 response to a Standard & Poor’s (S&P) inquiry regarding AMMF, Oglesby explained the ratings as follows:

Tier 1(A) = no maturity restriction
Tier 1(B) = 30 day maturity restriction
Tier 1(C) = 7 day maturity restriction

29. From 2010 until May 2012, AMMF purchased numerous securities that it had assigned a “C” rating, with a purported 7 day maturity restriction. On dozens of occasions, AMMF purchased C-rated securities and held them for more than 7 days. Indeed, AMMF often held C-rated securities for more than a month at a time. These securities were often among the highest yielding securities in AMMF’s portfolio.

30. Oglesby reported regularly to the Board regarding the Fund’s portfolio during the time period AMMF had maturity restrictions in place. However, Oglesby did not inform the Board that ACM often exceeded its own maturity restrictions for C-rated securities.

b. ACM Purchased Securities for AMMF Without Making a Minimal Credit Risk Determination

31. ACM also failed to disclose to the Board that it repeatedly purchased portfolio securities without making a determination that the securities posed a minimal credit risk. To comply with Rule 2a-7(c)(11)(iii) of the Investment Company Act, a money market fund must make a written record of its analysis and determination that a portfolio security presents minimal credit risk, and retain the written record for at least three years. Likewise, ACM's own Rule 2a-7 guidelines and procedures required ACM to make a written record of its minimal credit risk determinations.

32. Despite the condition of Rule 2a-7(c)(11)(iii) and ACM's own requirement, ACM's credit analyses for portfolio securities often omitted any finding that the security represented minimal credit risk. Throughout 2009 and 2010, many ACM credit analyses concluded that a security presented "risk," "some risk" or "moderate risk."

33. In 2009, ACM determined that more than 50 securities held in AMMF's portfolio posed "moderate," "slightly moderate" or "some" risk, or otherwise indicated no conclusion regarding risk at all. In 2010 and 2011, ACM purchased asset-backed commercial paper for AMMF from more than 15 issuers without making a determination that the securities posed a minimal credit risk. Generally, the portfolio securities that ACM determined had more than a minimal credit risk also had significantly higher credit spreads and thus yield than the securities for which ACM concluded there was a minimal credit risk.

2. ACM misled AMMF's Board about the Fund's Eurozone holdings

34. On two occasions, Oglesby made false and misleading statements to the Board regarding AMMF's exposure to institutions located in financially-troubled European countries. By mid-2011, many investors became concerned that certain European countries (particularly Portugal, Italy, Greece and Spain) would be unable to repay their debts. This same concern also extended to financial institutions based in the economically-troubled countries of Europe.

35. During this sovereign debt crisis, U.S.-based money market funds experienced substantial redemptions, with some funds experiencing redemptions of 20% or more of their assets in the summer of 2011. At least twice in 2011, Oglesby assured AMMF's Board that ACM was making efforts to limit the Fund's exposure to European issuers in financially-troubled European countries.

36. During an August 8, 2011 Board meeting, Oglesby reviewed the performance of AMMF and discussed the impact of the Eurozone credit crisis. According to the draft Board minutes, Oglesby explained that:

The last year has been very tough. Liquidity is better, but as a result, rates are lower, and we have record low interest rates. The short term markets have been hard, and Europe has played a huge roll (sic) in that risk assessment. They [ACM] are trying to stay away from Greece, Spain, Italy and other countries doing poorly in the credit area. Finding

gains on the approved list is a challenge. Positioning is being done on long term and short term. They [ACM] are forced to buy European paper, but are picking the better countries: England and Germany.

37. At the next Board meeting on November 14, 2011, Oglesby stated that AMMF:

[had] limited exposure to European markets, including that the [AMMF] has no assets issued in the Greek marketplace and had minimal second-hand exposure to the Italian market (and that the asset in question would be off the books of [AMMF] as of mid-November, after which time [AMMF] would have no exposure to the Italian market).

38. These reports were misleading. In fact, ACM purchased Italian-affiliated asset-backed commercial paper for AMMF throughout 2011, and held \$22.5 million in Italian-affiliated asset-backed commercial paper on August 8, 2011. This investment represented 9% of AMMF's portfolio. And between August 9 and November 13, 2011, ACM made more than 100 purchases of asset-backed commercial paper issued by affiliates of Italian banks and ENI, a utility closely connected to the Italian government.

39. At the time of the November 14, 2011 Board meeting, AMMF's holdings in ENI (the "asset in question") were due to mature on November 16th and 18th. However, ACM continued to purchase ENI-sponsored asset-backed commercial paper after the holdings matured. Between December 1, 2011 and May 9, 2012, ACM purchased ENI-sponsored asset-backed commercial paper more than 25 times. Neither ACM nor Oglesby ever informed the Board that the Fund continued to purchase Italian-sponsored asset-backed commercial paper.

3. *ACM Misled AMMF's Board Regarding Issuer Diversification in AMMF*

40. In November 2011, ACM also deceived the Board regarding the concentration of issuers within its portfolio. AMMF often held securities purchased from a small number of issuers. Frequently, the securities of a single issuer represented more than 5% of the Fund's portfolio.

41. This usually occurred as a result of redemptions from the Fund, which reduced the total assets of the Fund and increased the percentage of individual holdings.¹ Such "passive breaches" of the issuer diversification limit expose a money market fund to an additional level of risk.

42. On September 30, 2011, the City of Detroit redeemed \$25 million from AMMF, so that the City could meet payroll obligations. The size of the City of Detroit's redemption caused a significant decline in AMMF's net assets, which in turn caused the Fund to exceed the 5% limit as to the issuers of three securities which ACM purchased just before the redemption.

¹ Rule 2a-7(c)(4)(i)(A) prohibits a money market fund from having more than 5% of its total assets invested in the securities of any one issuer, as measured at the time of purchase.

43. At AMMF's November 14, 2011 Board meeting, ACM provided false and misleading information regarding the diversification of issuers in the Fund's portfolio. According to the Board minutes:

The Board was informed by ACM that, as a result of an uncharacteristically large one-day redemption of \$25 million, which redemption occurred at 11:59 a.m. Eastern Standard Time (or one minute before the shareholder services deadline), the percentage of Money Market Fund assets invested in the securities of a single issuer climbed to above 5% with respect to several issuers. However, all purchases made prior to such event were made within the 5% limitation and, following the maturity of certain securities in the Money Market Fund's portfolio on October 3, 2011 (the next business day after the redemption), no more than 5% of the assets of the Money Market Fund were invested in the securities of any one issuer.

44. However, the statement that by October 3, 2011, no more than 5% of the Fund's assets were invested in the securities of any one issuer, was false. On October 3, 2011, AMMF held the securities of just 21 different issuers and 10 of these issuers represented more than 5% of AMMF's portfolio.

G. AMMF Exceeded Rule 2a-7's Issuer Diversification Limit

45. ACM has admitted that AMMF violated Rule 2a-7's condition on issuer diversification at the time of purchase on six different occasions in 2009. More specifically, between February and December 2009, ACM caused AMMF to exceed the issuer diversification limit in connection with the purchases of ten different securities on six separate dates. On at least two occasions, AMMF exceeded the 5% issuer diversification limit at the time of purchase for securities issued by White Point.

H. AMMF's Failure to Implement Written Compliance Policies and Procedures

46. On February 23, 2010, the Commission adopted significant amendments to Rule 2a-7 which, among other things, tightened the rule's conditions pertaining to portfolio maturity, quality and liquidity and added an additional condition for Rule 2a-7 compliance regarding portfolio stress testing by money market funds. In the final rule release, the Commission discussed the purpose of the amendments:

We believe these amendments will make money market funds more resilient and less likely to break a buck. They will further limit the risks money market funds may assume by, among other things, requiring them to increase the credit quality of fund portfolios and to reduce the weighted average maturity of their portfolios and by requiring for the first time that all money market funds maintain liquidity buffers that will help them withstand sudden demands for redemptions. The rule amendments require fund managers to stress test their portfolios against potential economic shocks such as sudden increase in interest rates, heavy redemptions, and potential defaults.

47. Compliance with Rule 2a-7(c)(10)(v)(A) is conditioned on the Fund implementing written procedures providing for periodic stress testing of the fund's ability to maintain a stable NAV in light of several hypothetical scenarios. However, AMMF did not fully implement written stress testing procedures until May 21, 2012.

I. ACM Failed to Perform Appropriate Stress Testing

48. To comply with Rule 2a-7(c)(10)(v) AMMF needed to conduct stress-testing that included hypothetical scenarios outlined in the rule, including, but not limited to "a change in short-term interest rates, an increase in shareholder redemptions, a downgrade of or default on portfolio securities, and the widening or narrowing of spreads between yields on an appropriate benchmark the fund has selected for overnight interest rates and commercial paper and other types of securities held by the fund."

49. AMMF's first stress test occurred in February 2011. Oglesby prepared AMMF's initial stress test, but he omitted some important hypothetical scenarios specifically included in Rule 2a-7(c)(10)(v). Even though one of AMMF's major shareholders was a financially distressed municipality (the City of Detroit) and the cash invested in AMMF fluctuated substantially throughout 2010 and 2011, Oglesby omitted an analysis of an increase in shareholder redemptions.

50. In addition, the February 2011 stress test also failed to include the impact of a downgrade of portfolio securities, another scenario identified in the 2010 Rule 2a-7 amendments. Since AMMF regularly purchased and held securities exposed to the Eurozone financial crisis, some of which were downgraded during the crisis, the risk of downgrades on portfolio securities should have been part of the Fund's testing.

51. Because Ambassador Funds failed to comply with various conditions of Rule 2a-7 as described above, during the relevant period AMMF was not entitled to use the amortized cost method for pricing its securities, but did so. On each day that AMMF did not meet the conditions of Rule 2a-7(c), the Fund should have provided redeeming shareholders with NAVs calculated in accordance with Rule 22c-1, rather than the amortized-cost price of \$1 per share. Similarly, purchasing shareholders should have bought the Fund's shares at NAV rather than \$1 per share.

J. Violations

1. As a result of the conduct described above, ACM willfully violated, and Oglesby willfully aided and abetted and caused ACM's violations of, Sections 206(1) and (2) of the Advisers Act, which make it unlawful for any investment adviser, by use of the mails or instrumentalities of interstate commerce, directly or indirectly, to employ any device, scheme or artifice to defraud any client or prospective client, or to engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client.

2. As a result of the conduct described above, ACM and Oglesby caused Ambassador Funds' violations of Rule 22c-1 of the Investment Company Act, which makes it unlawful for registered investment companies issuing redeemable securities, persons designated in such issuer's

prospectus as authorized to consummate transactions in such securities, and principal underwriters of, or dealers in such securities, to sell, redeem, or repurchase such securities except at a price based on the current net asset value of such security.

3. As a result of the conduct described above, ACM caused Ambassador Funds' violations of Rule 38a-1 of the Investment Company Act, which requires that registered investment companies implement written policies and procedures reasonably designed to prevent violation of the federal securities laws by the fund, including policies and procedures that provide for the oversight of compliance by the fund's investment adviser.

4. As a result of the conduct described above, ACM and Oglesby caused Ambassador Funds' violations of Section 34(b) of the Investment Company Act, which prohibits any person from making any untrue statement of a material fact in any report, account, record, or other document filed or required to be kept under Section 31(a) of the Investment Company Act, and also prohibits any person filing or keeping those documents from omitting to state any fact necessary in order to prevent the statements made in those documents from being misleading. Rule 2a-7(b)(1) under the Investment Company Act provides, in part, that it shall be an untrue statement of material fact within the meaning of Section 34(b) for a registered investment company to hold itself out to investors as a money market fund unless it meets the conditions of paragraphs (c)(2), (c)(3), (c)(4) and (c)(5) of the Rule.

5. As a result of the conduct described above, ACM and Oglesby caused Ambassador Funds' violations of Section 35(d) of the Investment Company Act, which prohibits any registered investment company from adopting as a part of its name or title any word or words that the Commission finds to be materially deceptive or misleading. Rule 2a-7(b)(2) under the Investment Company Act provides, in part, that it shall constitute the use of a materially deceptive name within the meaning of Section 35(d) for a registered investment company to adopt the term "money market" as part of its name or to adopt a name that suggests that it is a money market fund unless it meets the conditions of paragraphs (c)(2), (c)(3), (c)(4) and (c)(5) of the Rule.

6. As a result of the conduct described above, ACM and Oglesby caused Ambassador Funds' violations of Section 31(a) of the Investment Company Act and Rule 31(a)-1 thereunder, which requires each registered investment company to maintain and keep current "other records," which Rule 31(a)-1(b)(12) states shall be construed to include documents "required by the applicable rule or rules."

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent ACM pursuant to Section 203(e) of the Advisers Act including, but not limited to, disgorgement and civil penalties pursuant to Section 203 of the Advisers Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent Oglesby pursuant to Section 203(f) of the Advisers Act including, but not limited to, disgorgement and civil penalties pursuant to Section 203 of the Advisers Act;

D. What, if any, remedial action is appropriate in the public interest against Respondents ACM and Oglesby pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9 of the Investment Company Act;

E. Whether, pursuant to Section 203(k) of the Advisers Act, and Section 9(f) of the Investment Company Act, Respondent ACM should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 206(1) and (2) of the Advisers Act and for causing Ambassador Funds' violations and any future violations of Sections 31(a), 34(b), and 35(d) of the Investment Company Act and Rules 22c-1, 31(a)-1, and 38a-1 thereunder, whether Respondent ACM should be ordered to pay a civil penalty pursuant to Section 203(i) of the Advisers Act, and Section 9(d) of the Investment Company Act, and whether Respondent ACM should be ordered to pay disgorgement pursuant to Section 203 of the Advisers Act and Section 9 of the Investment Company Act; and

F. Whether, pursuant to Section 203(k) of the Advisers Act, and Section 9(f) of the Investment Company Act, Respondent Oglesby should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 206(1) and (2) of the Advisers Act and for causing Ambassador Funds' violations and any future violations of Sections 31(a), 34(b), and 35(d) of the Investment Company Act and Rules 22c-1 and 31(a)-1 thereunder, whether Respondent Oglesby should be ordered to pay a civil penalty pursuant to Section 203(i) of the Advisers Act and Section 9(d) of the Investment Company Act, and whether Respondent Oglesby should be ordered to pay disgorgement pursuant to Section 203 of the Advisers Act and Section 9 of the Investment Company Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If a Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against it/him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Elizabeth M. Murphy
Secretary