

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3599 / May 3, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15314

In the Matter of

RUSSELL K. CANNON,

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”) against Russell K. Cannon (“Respondent”).

II.

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

1. Cannon was the sole founder, member and employee of RKC Capital, LLC ("RKC") and was the controlling member of RKC Management, LLC ("RKC Management"). Cannon formed the RKC Matador Fund, LLC ("Matador"), and through RKC and RKC Management, was the controlling member and manager of Matador. RKC had individual clients that invested in Matador. Before forming RKC, Cannon had previously been a registered representative with Merrill Lynch and Smith Barney. Cannon, 40 years old, is a resident of North Salt Lake, Utah.

2. On April 26, 2013, a final judgment was entered by consent against Cannon, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1), (2) and (4) of the Advisers Act and Rule 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. RKC Capital Management, et al., Civil Action Number 2:12-cv-00408-EJF, in the United States District Court for the District of Utah.

3. The Commission's complaint alleged that Cannon engaged in fraudulent practices by, among other things, employing a manipulative trading practice called "marking the close" of a stock that, at times, comprised over 50% of Matador's assets, and by, at times, instructing Matador's fund administrator to price that stock above the month end closing price for several months and at times when the price of the stock was declining. As a result of those and other practices, Matador was overvalued during certain periods, from at least November 2007 through July 2011, and its performance returns were, therefore, at times, overstated.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Cannon be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization with the right to apply for reentry after two (2) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

Any reapplication for association by the Respondent 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 the Respondent, 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.

By the Commission.

Elizabeth M. Murphy
Secretary