

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3277 / September 13, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14548

In the Matter of

DAVID A. SOUZA,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS,
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940
AND NOTICE OF HEARING**

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 David A. Souza (“Respondent” or “Souza”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Souza, age 55, is a resident of Redding, California. Respondent is the President, Chief Operating Officer and Manager of D.A. Souza Investments, LLC (“Souza Investments”). Neither Respondent nor Souza Investments has ever been registered with the Commission in any capacity.

B. ENTRY OF THE INJUNCTION

2. On August 24, 2011, the United States District Court for the Eastern District of California entered a final judgment by default against Respondent in which the court found that Respondent had violated Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 and Advisers Act Rule 206(4)-8, Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Exchange Act Rule 10b-5, and Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933. The final judgment permanently enjoins Respondent from future such

violations, directly or indirectly. It also requires Respondent to pay \$946,927.91 in disgorgement with prejudgment interest and a civil penalty of \$946,927.91.

3. The Commission's complaint alleged, among other things, that, from August 2007 through April 2008, Respondent carried out a fraudulent investment scheme targeting members of a Redding, California church community. Baselessly touting his investing acumen and promising sky high rates of return, Respondent, individually and through his company, Souza Investments, induced approximately 28 investors to invest a total of more than a million dollars into pooled funds to purchase stock and enter into other investment opportunities. Many of the investors were not financially sophisticated and did not have sufficient assets or income to take on the risk of investing with Respondent.

4. The Complaint further alleged that, in reality, Respondent never invested any of the money received from investors. Rather, he diverted the money to expenditures that were not disclosed to, or authorized by, the investors. Respondent used most of the money on expenditures designed to create the false appearance of a successful business operation. Respondent used another portion of the money to pay certain investors fictitious high returns in the style of a Ponzi scheme, with the remainder used for payment of his personal living expenses. Once his scheme came to light, Respondent told investors that he would soon return their investments plus accrued earnings. Respondent failed to deliver on these promises and had no means to do so.

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 proceedings be instituted to determine:

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

B. What, if any remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers 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 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 Respondent 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 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 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 Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 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 Procedures Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy
Secretary