

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 78197 / June 29, 2016

INVESTMENT ADVISERS ACT OF 1940
Release No. 4442 / June 29, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17321

In the Matter of

LEE D. WEISS,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Lee D. Weiss (“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 15(b) of the Securities Exchange Act of 1934 and 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. Lee D. Weiss ("Weiss") is a resident of Newton, Massachusetts. He is the owner of Family Endowment Partners, LLC, a limited liability company based in Massachusetts and the primary owner of Family Endowment Partners, LP ("FEP"). From June 2009 to November 2015, FEP was registered with the Commission as an investment adviser. Weiss is associated with FEP and serves as its managing partner. From June 2012 until February 2016, Weiss was associated as a registered representative with MIP Global, Inc., a broker-dealer registered with the Commission and based in Puerto Rico.

2. On June 20, 2016, a final judgment ("Final Judgment") was entered by consent against Weiss, permanently enjoining him from future violations, or knowingly providing substantial assistance to future violations, of (i) Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; (ii) Section 10(b) of the Exchange Act and Rule 10b-5 thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5]; (iii) Sections 206(1), 206(2), 206(3), and 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") and Rules 206(4)-2 and 206(4)-8 thereunder [15 U.S.C. § 80b-6(1)-(4) and 17 C.F.R. §§ 275.206(4)-2, 275.206(4)-8]; (iv) Section 204(a) of the Advisers Act and Rule 204-1 thereunder [15 U.S.C. § 80b-4(a) and 17 C.F.R. § 275.204-1], in the civil action entitled Securities and Exchange Commission v. Lee D. Weiss, et al., Civil Action No. 1:15-cv-13460-IT, in the United States District Court for the District of Massachusetts ("Action").

3. The Commission's complaint alleged as follows: between 2010 and 2012, FEP and Weiss advised 11 FEP clients and a hedge fund, and Weiss caused a second hedge fund, to invest more than \$40 million in securities issued by subsidiaries of a French company that purportedly had designed methods to reduce the harmful effects of tobacco smoking. FEP and Weiss failed to disclose numerous conflicts of interest concerning the investments, including that Weiss had a financial interest in the French company and that Weiss and entities he controlled received more than \$600,000 in payments from that company and related entities shortly after the FEP clients and hedge funds invested in the subsidiaries. In addition, in July 2011, Weiss also recommended that an FEP client invest \$2.5 million in one of the subsidiaries, even though he knew that the client's money would be used to pay delinquent interest owed to other FEP clients. The Commission's complaint further alleged that between late 2012 and 2014, FEP and Weiss recommended that five FEP clients invest approximately \$8.25 million in notes or shares of companies that were owned by Weiss. FEP and Weiss failed to disclose that they intended to use these funds to pay FEP's financial obligations, rather than benefit the companies in which the clients invested. FEP and Weiss also failed to disclose the significant risk that the notes would never be repaid in light of the companies' financial condition. The Commission's complaint also alleged that in late 2011, FEP and Weiss recommended that FEP clients invest \$5 million in a consumer loan portfolio. Weiss structured the transaction so that a portion of the investment proceeds, totaling more than \$300,000, were paid to a purported third-party "manager." FEP and Weiss did not disclose to these clients that the "manager" was an inactive real estate company owned by Weiss's close friend, which transferred the payments it received to Weiss and other third parties identified by Weiss.

Undertakings

4. Weiss has undertaken to provide a written report, under penalty of perjury, on the progress of any activities described in Section IV (a) – (d) below, every ninety (90) days from the date of entry of this Order. As to Section IV (d) below, the report shall include, at a minimum, a statement of each listed fund's assets at both the beginning and end of the 90-day reporting period, a listing of all sales or other transactional activity regarding such assets, and a statement of any distributions of assets to investors that identifies what each investor received. In addition to the foregoing, as to Section IV (d) below, every thirty (30) days from the date of entry of this Order, Weiss will provide, under penalty of perjury, an interim report in the form attached hereto as Attachment A. Weiss will also notify the Commission staff in writing, under penalty of perjury, of any distributions to fund investors within three business days of the distribution.

The reports shall be submitted to:

Antonia Chion
Associate Director, Division of Enforcement
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act that Respondent Weiss 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, except that for a period of no longer than 180 days from the date of the Final Judgment, Respondent Weiss:

- (a) may take actions necessary to recover, sell, or transfer assets owned by FEP, MIP Global, Inc., Mosaic Enterprises, Inc., Mosaic Investment Partners, Inc. or Weiss Capital Real Estate Group, LLC, or their subsidiaries, to satisfy their obligations pursuant to the Final Judgment;
- (b) may take actions, consistent with the federal securities laws, to sell or transfer his ownership interest in any investment adviser or broker-dealer, including FEP, Chessica Asset Management LLC, Global Domain Partners LLC, Stillpoint Capital LLC, Mosaic Investment Partners, Inc., Catamaran Management Inc., MIP Global, Inc., and MIP Global Cayman Ltd.;

- (c) may take actions, consistent with the federal securities laws, to transfer to a new investment adviser or terminate any advisory relationships of FEP, Mosaic Investment Partners, Inc., Catamaran Management Inc., Chessica Asset Management LLC, or Global Domain Partners LLC; and
- (d) may take actions necessary to recover, sell, or transfer assets held by FEP Fund I, LP, FEP Fund II, Ltd., or Catamaran Holdings Fund, LP, consistent with the terms of any partnership agreement, articles of association or private placement memorandum governing each of those entities, and consistent with the objectives of achieving an orderly wind-down of the entities and maximizing the distribution of assets to affected investors, or as otherwise ordered by a court.

With respect to Section IV (d) above, the staff may extend the 180-day period for good cause shown. Neither Weiss nor any Weiss affiliate may receive any compensation, including any salary, bonus or fees, from the entities or funds identified above in connection with actions taken pursuant to Section IV (a) – (d) above.

Pursuant to Section 15(b)(6) of the Exchange Act Respondent Weiss be, and hereby is:

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by 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 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.

Respondent Weiss shall comply with the undertakings as enumerated in Section III above.

By the Commission.

Brent J. Fields
Secretary

ATTACHMENT A

REPORT AS OF _____

FUND ASSETS

FEP Fund I, LP

SECURITY	QUAN.	CURRENTLY HELD	SOLD OR TRANSFERRED	DATE SOLD OR TRANSFERRED	AMOUNT RECEIVED	DATE RECEIVED	RECEIVING INSTITUTION AND ACCOUNT NUMBER
Alliance Partners Fund, Ltd.							
I-DEA Investment Fund, Ltd.							
Mosaic OTM, LLC							
Questara Equipment, LLC							
Karien Sp Zoo							

FEP Fund II, Ltd.

SECURITY	QUAN.	CURRENTLY HELD	SOLD OR TRANSFERRED	DATE SOLD OR TRANSFERRED	AMOUNT RECEIVED	DATE RECEIVED	RECEIVING INSTITUTION AND ACCOUNT NUMBER
FEP Fund I, L.P. 7%, due 01/20/16							
Knopp Biosciences LLC 5%, due 04/01/19							
Alliance Partners Fund, Ltd. (Class A – Series 02.2014)							
Alliance Partners Fund, Ltd. (Class B – Series 03.2014)							
I-DEA Investment Fund, Ltd.							

Catamaran Holdings Fund, LP

SECURITY	QUAN.	CURRENTLY HELD	SOLD OR TRANSFERRED	DATE SOLD OR TRANSFERRED	AMOUNT RECEIVED	DATE RECEIVED	RECEIVING INSTITUTION AND ACCOUNT NUMBER
Questara Equipment, LLC							
Karien Sp Zoo							