

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4711 / June 1, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18006**

**In the Matter of**

**RONALD J. FERNANDES,**

**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 Ronald J. Fernandes (“Fernandes” or “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 paragraph 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. Fernandes was the founder, Chief Executive Officer and co-Chief Investment Officer of Momentum Investment Partners LLC (d/b/a Avatar Investment Management) ("Avatar"), an investment adviser registered with the Commission from August 17, 2011 until March 31, 2014, when Avatar withdrew its registration. Fernandes, 59 years old, is a resident of Orleans, Massachusetts.

2. On May 26, 2017, a final judgment was entered by consent against Fernandes, permanently enjoining him from violating Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act") and from aiding and abetting violations of Sections 206(4), 204 and 207 of the Advisers Act and Rules 206(4)-7 and 204-1 thereunder, in the civil action entitled *Securities and Exchange Commission v. Momentum Investment Partners LLC (d/b/a Avatar Investment Management) et al.*, Case No. 3:16-cv-00832-VLB, in the United States District Court for the District of Connecticut.

3. The Commission's complaint alleged that Avatar and Fernandes failed to disclose material conflicts of interest in connection with investments Avatar made in new mutual funds that Avatar created and managed. Specifically, the complaint alleged that Avatar and Fernandes failed to disclose that moving private clients' assets into Avatar's newly-created mutual funds would increase the clients' total advisory fees paid to Avatar without changing the clients' investment strategy. As a result, the complaint alleged that between May 2013 and March 2014, Avatar's private clients paid almost \$111,000 in total additional fees, including approximately \$61,000 in additional fees ultimately paid to Avatar, for no additional services.

### 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 203(f) of the Advisers Act, that Respondent Fernandes 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 three 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.

Brent J. Fields  
Secretary