

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 1585 / September 27, 1996**

**ADMINISTRATIVE PROCEEDINGS**  
**File No. 3-9109**

**IN THE MATTER OF CONCORD INVESTMENT COMPANY**

**ORDER INSTITUTING PUBLIC PROCEEDINGS, MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS AND ISSUING A CEASE- AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public proceedings be instituted pursuant to Sections 203(e) and (k) of the Investment Advisers Act of 1940 ("Advisers Act") against Concord Investment Company ("Concord").

In anticipation of the institution of these proceedings, Concord has submitted an Offer of Settlement 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 in which the Commission is a party, and without admitting or denying the findings contained in this Order, except as to jurisdiction and the facts set forth in II.A. below, which it admits, and prior to a hearing pursuant to the Commission's Rules of Practice, 17 C.F.R. §201.100 et seq., Concord consents to the issuance of this order, making findings and imposing remedial sanctions as set forth below.

Accordingly, IT IS ORDERED that proceedings pursuant to Sections 203(e) and (k) of the Advisers Act be, and hereby are, instituted.

**II.**

On the basis of this order instituting proceedings and the Offer of Settlement submitted by Concord, the Commission finds that: -[1]-

A. Concord has been registered with the Commission as an investment adviser pursuant to Section 203 of the Advisers Act since November 1982.

B. During 1992 and 1993, Concord executed approximately 13,000 riskless principal transactions through an affiliated broker-dealer under common control with Concord without disclosing to its advisory clients the capacity in which it was acting and without obtaining the advisory clients' consent prior to completing the transactions. As a result of the above- described activity, Concord willfully violated Section 206(3) of the Advisers Act.

C. Concord's Form ADV filed with the Commission failed to affirmatively disclose that its related party, an affiliated broker-dealer under common control, engaged in principal transactions with its clients. In addition, Item 9, Schedule F of Part II of the Form ADV, failed to disclose that an inherent conflict of interest exists when executing a principal transaction through its affiliated broker-dealer under common control. Furthermore, Concord did not disclose to its advisory clients what restrictions or internal procedures are used in light of the potential conflicts of interest in the principal transactions. As a result of the above-described activity, Concord willfully violated Section 207 of the Advisers Act.

### III.

In view of the foregoing, the Commission finds it is in the public interest to impose the sanction specified in the Offer of Settlement.

ACCORDINGLY, IT IS ORDERED that effective immediately:

A. Concord cease and desist from committing or causing any violation, and committing or causing any future violation, of Sections 206(3) and 207 of the Advisers Act;

B. That Concord shall, within seven days of the date of the Order, pay a civil money penalty in the amount of \$20,000 to the United States Treasury. Such payment shall be: (a) made by United States postal money order, certified check, bank cashier's check or bank money order; (b) made payable to the "United States Securities and Exchange Commission," bearing on its face the caption "The Concord Investment Company (C-2845)"; (c) sent to the Securities and Exchange Commission, Office of the Comptroller, Room 2067, Stop 2-5, 450 5th Street, N.W., Washington, D.C. 20549; and (d) sent under cover letter which identifies Concord as a respondent in these proceedings, a copy of which cover letter and money order or check shall be sent to Randall J. Fons, Associate Regional Director, Midwest Regional Office, 500 West Madison Street, Suite 1400, Chicago, Illinois, 60661-2511; and

C. That Concord shall undertake:

1. to maintain previously adopted written policies and procedures reasonably designed to prevent and detect future violations of Sections 206(3) and 207 of the Advisers Act;

2. within sixty days of the issuance of the Order to revise its training and procedure manuals to reflect and implement new policies and procedures as they relate to compliance with Sections 206(3) and 207 of the Advisers Act and provide training to relevant employees designed reasonably to effect understanding of and compliance with the newly implemented policies and procedures;

3. within ninety days of the issuance of the Order to provide an affidavit evincing compliance with paragraphs III.C.1. and III.C.2. above; and

4. within ninety days of the issuance of the Order to submit a report to the staff of the Commission detailing the policies and procedures adopted pursuant to III.C.2. above.

By the Commission.

Jonathan G. Katz  
Secretary

### FOOTNOTE

-[1]- The findings herein are made pursuant to Concord's Offer of Settlement and are not binding on any other person or entity named as a respondent in this or any other proceeding.