

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 70742 / October 23, 2013**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3703 / October 23, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15584**

**In the Matter of**  
  
**Stephen Derby Gisclair,**  
  
**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS  
PURSUANT TO SECTIONS 203(f) AND 203(k)  
OF THE INVESTMENT ADVISERS ACT OF  
1940 AND SECTION 15(b)(6) OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (the “Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (the “Advisers Act”) and Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”) against Stephen Derby Gisclair (“Gisclair” 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 Respondent and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 and Section 15(b)(6) of the Exchange Act, Making Findings, and Imposing Remedial Sanctions and A Cease-and-Desist Order (the “Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

#### Summary

These proceedings concern violations of the advertising, compliance, and reporting provisions of the Advisers Act, and customer information protection provisions of Regulation S-P, committed or aided, abetted, and caused by Respondent Gisclair as an owner and officer of three registered investment advisers—Equitas Capital Advisors, LLC (“Equitas”), Equitas Partners, LLC (“Equitas Partners”), and Crescent Capital Consulting, LLC (“Crescent”). These violations arise from (1) Equitas’ and Crescent’s inadvertent over billing and under billing of certain clients; (2) Equitas’ negligently making false and misleading disclosures to clients and potential clients in its advertising and Forms ADV about Equitas’ compensation and conflicts of interest; (3) Equitas’ and Crescent’s failure to maintain written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules; (4) Equitas’, Equitas Partners’, and Crescent’s failure to conduct annual compliance reviews as required by the Advisers Act’s rules; and (5) Equitas’ and Crescent’s overstatement of Reported Assets Under Management. Many of these violations occurred despite warnings by the staff of the Commission’s Office of Compliance Inspections and Examinations (“OCIE”) in connection with its examinations of Equitas and Equitas Partners in 2005 and 2008. OCIE found some of the same deficiencies during its first examination of Crescent in 2012-13. Equitas Partners and Crescent also should have disclosed some of the examination deficiencies identified by OCIE to potential clients, but did not do so. As Equitas’ Chief Operating Officer (“COO”) and Equitas Partners’ Chief Compliance Officer (“CCO”) until he left those firms in September 2010, and then as Crescent’s CCO until the end of 2012, Gisclair was at least in part responsible for these violations.

#### Respondent

1. **Stephen Derby Gisclair** (CRD No. 1040641), age 61, is a founder and minority owner of Crescent, a registered investment adviser, where he provides investment advice to clients. Gisclair served as Crescent’s CCO from its creation in 2010 until January 1, 2013. Prior to Crescent, Gisclair served as COO of Equitas and CCO of Equitas Partners, two investment advisers Gisclair co-founded and co-owned. Gisclair holds, or previously held, Series 3, 7, and 63 securities licenses since the 1980s and a Series 65 license since 1993.

#### Registered Investment Advisers

2. **Equitas Capital Advisors, LLC**, is a Louisiana limited liability company based in New Orleans, Louisiana. Equitas (SEC File No. 801-61979) registered with the Commission as an investment adviser effective September 3, 2002. Its core business is recommending money managers to clients, as opposed to investing their assets directly. During Gisclair’s tenure, Equitas managed approximately \$2.6 billion in regulatory assets under management (“RAUM”).

3. **Equitas Partners, LLC**, is a Louisiana limited liability company based in New Orleans, Louisiana. Equitas Partners (SEC File No. 801-64205) was registered with the Commission as an investment adviser from approximately 2005 until it withdrew in March 2012. During Gisclair's tenure, Equitas Partners' principal client was a fund of hedge funds called the Evergreen Fund with RAUM of as much as approximately \$250 million and approximately \$97 million when Gisclair left in late 2010.

4. **Crescent Capital Consulting, LLC**, is a Louisiana limited liability company based in New Orleans, LA. Crescent (File No. 801-71795) registered with the Commission as an investment adviser effective August 20, 2010. It is not affiliated with Equitas. According to its Forms ADV, Crescents' core business is recommending money managers to clients, as opposed to investing their assets directly. In its Form ADV filed on August 1, 2013, Crescent reported approximately \$300 million in RAUM held in 289 discretionary and non-discretionary accounts.

### Facts

#### *Gisclair's Involvement in Commission Examinations of Equitas, Equitas Partners, and Crescent*

5. In 2005 and 2008, OCIE staff examined Equitas and Equitas Partners. Following each examination, OCIE staff orally and in writing reported to the firms the deficiencies it had found with their compliance with certain provisions of the federal securities laws. Until his departure in September 2010, Gisclair was Equitas' COO, supervised Equitas' CCO, and was CCO of Equitas Partners. He was the firms' primary liaison with OCIE staff and the primary author of the firms' responses to the staff's deficiency letters.

6. Beginning early in 2012, OCIE staff examined Crescent. As Crescent's then-CCO, Gisclair again was the primary liaison with OCIE staff. OCIE staff orally communicated certain deficiencies to Crescent during its examination and issued a letter on March 5, 2013 detailing deficiencies it had found with Crescent's compliance with certain provisions of the federal securities laws, including inaccurate Forms ADV reporting, over- and under-billing of clients, misleading advertising, inadequate compliance and internal controls, inadequate review of employee trading, and certain missing required books and records.

#### *Equitas and Crescent Inadvertently Overcharged Some Clients*

7. From at least January 2008 until Gisclair left in September 2010, Equitas overcharged and undercharged clients for advisory fees. These billing errors were inadvertent and due primarily to back-office errors by Gisclair, Equitas' COO, who designed and controlled the firm's revenue tracking and fee billing system. Since Gisclair's departure, Equitas has refunded the overcharged amounts to clients, plus interest, and has decided not to pursue collections of any of the undercharges.

8. These billing errors occurred and persisted, at least in part, because Gisclair failed to adopt and implement sufficient policies, procedures, and checks reasonably designed to prevent billing errors despite warnings from OCIE staff in 2005 and 2008. Equitas'

revenue tracking and fee billing system was dependent upon the manual entry of client monthly and quarterly account values and fee offset amounts into an Excel spreadsheet from numerous paper and electronic sources that Equitas received. As explained below in paragraph 11, these fee offsets resulted from fee sharing arrangements clients had with Equitas and others, which led to Credit Balances. Despite the manual nature of this process, Gisclair alone manually populated the Excel spreadsheet that calculated the fees, with minimal, if any, review by others. As a result, and as OCIE staff repeatedly warned, Equitas' fee billing process was highly prone to errors. Recurring formula, formatting, and typographical errors in the Excel file used led to miscalculations of fee offsets and Credit Balances and resulted in billing errors. Despite OCIE staff repeatedly identifying these weaknesses and errors, Gisclair made no significant or effective changes to Equitas' fee billing process.

9. At Crescent, Gisclair continued the same problematic billing process, and OCIE staff found the same type of billing errors during its 2012-2013 examination of Crescent. Crescent began operations in 2010 and as of the end of 2011 outstanding overcharges for 31 clients totaled \$24,301 (ranging from \$0.33 to \$5,439 per client), and outstanding undercharges for 40 clients totaled \$19,182. The amounts varied by client and overcharges. Crescent has reimbursed the affected clients. Crescent has also instituted, as of April 1, 2013, a new more automated billing system that uses information fed directly from client account custodians, minimizing the need for manual entry.

#### ***Equitas Failed to Adequately Disclose Certain Fees and Conflicts of Interest***

10. Equitas' core business is recommending money managers to clients, as opposed to investing their assets directly, and typically charges its clients a quarterly fee based on assets under management. Beginning in at least 2006, and despite prior warnings from OCIE staff, Equitas did not adequately disclose to its clients and potential clients material information about extra compensation it earned and could earn from recommending investments in certain hedge funds and through a particular wrap fee program, and about the conflicts of interest caused thereby. Until his departure in September 2010, Gisclair bore significant responsibility for these disclosures as Equitas' COO.

11. Beginning in at least 2006, for many of its clients, Equitas received or potentially could have received additional compensation for placing clients into: (i) a managed-account wrap-fee program that Equitas sponsored through an independent broker dealer ("IBD"); and (ii) a third party family of hedge funds. Participating clients owed separate fees to both Equitas and the IBD or hedge fund manager. The IBD and fund manager each agreed to share with Equitas a percentage of these fees paid by Equitas' clients. Subject to a significant limitation, Equitas in turn agreed with its clients to use those shared fees to offset, on a dollar-for-dollar basis, the particular client's fees separately due to Equitas. To the extent the offset was greater than the fee Equitas billed the client, Equitas rolled over that balance (the "Credit Balance") on a quarterly basis until the end of the calendar year. At year end, any Credit Balance reverted to zero and Equitas retained any unused balance as additional compensation. Although only some clients carried Credit Balances, this potential for extra compensation created a financial incentive for Equitas to recommend these investments over others and thus created a conflict of interest.

12. During its 2008 examination, OCIE staff warned Equitas that Equitas' disclosure about how these fee offsets and credit balances worked, and the conflicts they created, was inadequate and misleading. After OCIE's 2008 examination, Equitas added to client invoices and to certain sections of its Form ADV Part II/2A a disclosure that Credit Balances expired at year-end, and added to certain sections of its Form ADV Part II/2A a statement that expired Balances constituted extra compensation to Equitas. In other sections of its Form ADV Part II/2A, however, and in its client correspondence, fee reviews, client agreements, and other marketing material, Equitas stated simply that all revenues Equitas received in these fee-sharing arrangements were "credited on a dollar-for-dollar basis against our client's consulting fee." These statements failed to disclose that the Credit Balances expired at year-end and, when they did expire, Equitas kept this unused balance as extra compensation. During Gisclair's time at Equitas, the firm also did not expressly identify the conflict of interest attendant to these fee arrangements or describe how such conflicts were addressed.

13. During Gisclair's tenure, Equitas also never disclosed, in its Forms ADV or otherwise, the conflict of interest it had in recommending investment in the Evergreen Fund, which Equitas principals, including Gisclair, managed through Equitas Partners. Equitas also never described how it addressed such conflicts, as required by Form ADV.<sup>1</sup> Approximately 50 clients of Equitas were Evergreen investors from 2008 through 2010. Equitas Partners was paid a percentage of Evergreen's assets and a potential performance fee, providing Gisclair and other Equitas principals, through their control of Equitas Partners, a clear financial incentive to recommend that clients buy and remain in that fund. For instance, while disclosing in one section of its Forms ADV Part II/2A that Equitas Partners managed the Evergreen Fund and that both were under common control with Equitas, Equitas' Form ADV incorrectly stated elsewhere, "None of [Equitas'] principals or employees engages in any other business activity which would impede or conflict with their duties or responsibilities to the Company's clients." While at Equitas, Gisclair prepared and/or filed all of the firm's Forms ADV.

14. Despite requests by OCIE not to do so, Equitas also marketed itself as an "objective" consultant that used an "unbiased approach driven by process, not product." These and other claims of independence, that also appeared on Equitas' website and in other marketing materials prepared or approved by Gisclair and others, were misleading. In addition, Equitas claimed in responses to requests for proposals ("RFPs") from potential clients that, "[w]e are unaware of any potential conflicts of interest that may exist or which may develop as a result of our relationship with [potential client]," and "[o]ur policy is to avoid all actual and potential

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<sup>1</sup> During the pertinent period, various provisions of Form ADV specifically required Equitas to disclose these types of conflicts. For instance, when supervised persons of advisers manage both accounts that charge a performance fee and accounts that charge another fee type, Item 6 of Part 2A requires disclosure of how the firm addresses the conflicts of interest caused by the incentive to favor the former account because of greater potential fees. If an adviser receives compensation directly from advisers it recommends, Item 10.D of Part 2A requires advisers to describe the conflicts created by such practices and how such conflicts are addressed. Before Form ADV was amended in 2011, where the adviser had an interest in a client transaction, such as recommending a security or product in which the adviser or its related person has some financial interest, Item 9 of Part II required advisers to disclose what restrictions, procedures or disclosures were used for the related conflicts of interest in these transactions.

conflicts of interest.”<sup>2</sup> Gisclair either prepared or approved these responses.

***Equitas and Crescent Overstated Reported Assets Under Management***

15. Gisclair’s responsibilities as Equitas COO and Crescent CCO included preparing and filing the firms’ Forms ADV. Gisclair improperly included \$1.5 billion in ineligible assets as Assets Under Management (“AUM”) in the Forms ADV of both Equitas (since at least 2006 until he left to form Crescent in late 2010) and Crescent (since inception). These assets—mostly attributable to one particular client—were ineligible for inclusion because they were managed pursuant to *ad hoc*, one-time, limited engagements. Only securities portfolios for which an adviser provides “continuous and regular supervisory or management services” can be counted as an adviser’s AUM, according to the Instructions for Item 5.F. of Form ADV Part 1A. By including these assets, Equitas’ reported AUM was overstated by 25% and Crescent’s AUM reported AUM was overstated by 60%.

16. Equitas used its overstated AUM to improperly describe itself, on its website, as “the largest independent investment management consulting practice in Louisiana.” Crescent also used its overstated AUM to describe itself, on its website and in RFP responses, as “one of the largest” and “quickly becoming one of the largest independently owned investment management firms in the country.” These descriptions were misleading, not only because the firms’ AUM was significantly less than claimed, but also because the descriptions were unaccompanied by any caveats, disclaimers, or other clarifying explanations. Gisclair included or approved these and other statements in both firms’ marketing materials despite having been warned about these types of statements by OCIE staff during its 2008 Equitas examination.

***Equitas and Crescent Failed to Maintain Written Compliance Policies and Procedures and Equitas and Equitas Partners Failed to Conduct Annual Compliance Reviews that Satisfied the Advisers Act***

17. During Gisclair’s tenure from at least 2005 through September 2010, Equitas failed to comply with the mandate under Rule 206(4)-7 of the Advisers Act that every registered investment adviser adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules by the adviser and its supervised persons. While Equitas had a policy and procedures manual, it was based in part on a manual Gisclair used when employed at a broker dealer, and was not sufficiently tailored to Equitas’ business of recommending other money managers. Further, despite repeated suggestions from OCIE staff, Equitas made only minor changes to its manual. Significantly, the manual was not reasonably designed to prevent and detect billing errors. The manual also did not address the conflicts of interest arising from Equitas’ recommendation of investments with potential additional compensation to the firm, including the Evergreen Fund managed by Gisclair and

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<sup>2</sup> An investment adviser is a fiduciary who owes his clients “an affirmative duty of ‘utmost good faith, and full and fair disclosure of all material facts,’ as well as an affirmative obligation ‘to employ reasonable care to avoid misleading’ his clients.” *SEC v. Capital Gains*, 375 U.S. 180, 194 (1963).

other Equitas principals through Equitas Partners. As Equitas' COO, Gisclair most directly supervised the firm's CCO and shared direct responsibility for its manual.

18. In addition, during Gisclair's tenure, Equitas and Equitas Partners failed to comply with the mandate in Rule 206(4)-7 that every registered investment adviser review at least annually the adequacy of its required policies and procedures and the effectiveness of their implementation. While there was some review of Equitas' manual during Gisclair's tenure, no one annually reviewed the adequacy of either Equitas' or Equitas Partners' policies and procedures and the effectiveness of their implementation as required by Rule 206(4)-7. In the case of Equitas Partners, it appears no separate review of any kind ever occurred. During its 2005 and 2008 examinations and in each deficiency letter sent to Equitas and Equitas Partners, OCIE staff noted these failures. As Equitas Partners' CCO, and as the most direct supervisor of Equitas' CCO, Gisclair bears responsibility for these failures.

19. For the first few months of Crescent's existence, and under Gisclair's leadership as founder and CCO, Crescent did not have any written compliance policies or procedures from August 2010 until December 31, 2010.

***Gisclair Improperly Removed or Retained Nonpublic Personal Information about Equitas Customers***

20. In violation of the privacy policies of both Equitas and Equitas Partners, Gisclair improperly removed or retained nonpublic personal information about both firms' clients. The information included electronic storage drives of account statements, values and numbers, money manager lists, investment portfolios, asset allocation studies, performance reports, invoices and billing information, and contact information. While Gisclair solicited Equitas clients to become Crescent clients, he claims the client information he removed or retained was only used after express permission from clients.

21. Gisclair did not provide advance notice to Equitas, Equitas Partners, or their clients of his removal or retention of this information. No client was given the opportunity to opt out of Gisclair's removal or retention of this information, as required by Rule 10 of Regulation S-P. To the contrary, Gisclair's removal and retention of this nonpublic personal information violated promises the firms made to their clients in privacy notices, wrap fee agreements, Evergreen Fund subscription agreements, and Equitas client engagement letters, many of which Gisclair signed personally. These same promises were memorialized in Equitas and Equitas Partners compliance manuals, which Gisclair had drafted and which he and other Equitas employees acknowledged annually.<sup>3</sup>

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<sup>3</sup> Based on his removal of Equitas client information and failure to disclose a related lawsuit Equitas filed against Gisclair and others, the Investment Management Consultants Association ("IMCA") found in October 2012 that Gisclair violated provisions of the IMCA's Standards of Practice, Code of Professional Responsibility, and Disciplinary Rules and Procedures. The IMCA, a professional organization to which Gisclair belongs, issued a letter of private censure to Gisclair and required him to fulfill five additional hours of continuing education in ethics. Subject to the fulfillment of the education requirement, Gisclair remains a member in good standing with the IMCA.

***Equitas Partners Omitted Examination Deficiencies in Advertisements to Potential Clients***

22. In connection with each of its examinations of Equitas and Equitas Partners in 2005 and 2008, OCIE staff notified the firms orally and in writing about numerous deficiencies, including those discussed in this Order. Equitas and Equitas Partners should have disclosed these deficiencies to potential clients in response to questions in certain due diligence questionnaires, but did not do so. For example, Gisclair assisted in preparing a 2008 year-end “due diligence questionnaire” for Equitas Partners to provide to potential investors in its Evergreen Fund. In response to a question Equitas Partners itself drafted about regulatory audits and what changes were made as a result thereof, Equitas Partners omitted any reference to OCIE’s 26-page September 23, 2008, deficiency letter and falsely answered that it had “completed our first examination by the SEC and there were no exceptions noted or changes made to our operations.”

**Violations**

23. As a result of the conduct described above, Gisclair willfully<sup>4</sup> aided and abetted and caused violations by Crescent and Equitas of Section 206(4) of the Advisers Act and Rules 206(4)-1(a)(5) thereunder, which prohibits publishing, circulating or distributing advertisements containing untrue statements of material facts, or that were otherwise false or misleading.

24. As a result of the conduct described above, Gisclair willfully aided and abetted and caused violations by Crescent, Equitas, and Equitas Partners of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require, among other things, that a registered investment adviser: (1) implement written policies and procedures reasonably designed to prevent violation of the Advisers Act and the rules thereunder by the adviser and its supervised persons; and (2) conduct at least annual reviews of the adequacy of such policies and procedures and the effectiveness of their implementation.

25. As a result of the conduct described above, Gisclair willfully violated Section 207 of the Advisers Act, which makes it unlawful “for any person willfully to make any untrue statements of material fact in any registration application or report filed with the Commission under Section 203 or 204, or willfully to omit to state in any such application or report any material fact which is required to be stated therein.”

26. As a result of the conduct described above, Gisclair willfully aided and abetted and caused violations by Equitas and Equitas Partners of Rule 10 of Regulation S-P [17 C.F.R. §248.10], which prohibits investment advisers registered with the Commission, either directly or through an affiliate, from disclosing nonpublic personal information about their

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<sup>4</sup> A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

customers to nonaffiliated third parties unless they have provided their customers with a privacy notice describing the nonpublic personal information they disclose, and notify their customers of their right to opt out of any disclosure and afford them a reasonable opportunity to opt out of the disclosure before it is made.<sup>5</sup>

### **Remedial Efforts**

27. In determining to accept Respondent's Offer, the Commission considered and the following remedial acts undertaken by Respondent:

- a. Respondent relinquished his chief compliance officer role and title at Crescent effective January 1, 2013;
- b. Respondent caused Crescent to:
  - i. hire an independent consultant in 2012 to evaluate and improve its compliance practices and procedures, including matters related to the deficiencies found by OCIE during its 2012-2013 examination;
  - ii. reimburse 31 of its clients a total of \$24,301 in improperly billed advisory fees; and
  - iii. on April 1, 2013, implement a new, more automated billing system expected to reduce, if not eliminate, the fee calculation errors caused by the previous system that required extensive manual entries.

### **Undertakings**

Respondent shall comply with the following undertakings:

28. Notice to Advisory Clients. Within thirty (30) days of the entry of this Order, Respondent Gisclair shall provide a copy of the Order via mail, e-mail, or such other method as may be not unacceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission staff, to each of the Crescent clients overcharged between 2010 and April 5, 2013 and each of Crescent's existing advisory clients as of the entry of this Order.

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<sup>5</sup> Nonpublic personal information is defined as personally identifiable financial information and includes "[a]ny list, description, or other grouping of consumers (and publicly available information pertaining to them) that is derived using any personally identifiable financial information that is not publicly available information." 17 C.F.R. § 248.3(t)(1). "Personally identifiable financial information" in turn is defined as information (i) a consumer provides to you to obtain a financial product or service from you; (ii) about a consumer resulting from any transaction involving a financial product or service between you and a consumer; or (iii) you otherwise obtain about a consumer in connection with providing a financial product or service to that consumer. *Id.* § 248.3(u)(1).

29. Certifications of Compliance by Respondent. Respondent Gisclair shall certify, in writing, compliance with his undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Jeffrey Finnell, Assistant Director, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549-6010-A, or such other address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Enforcement Division (100 F St., N.E., Washington, DC 20549), no later than sixty (60) days from the date of the completion of the undertakings.

30. Deadlines. For good cause shown, the Commission's staff may extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

#### IV.

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

Accordingly, pursuant to Sections 203(f) and 203(k) of the Advisers Act and Section 15(b)(6) of the Exchange Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Sections 206(4) and 207 of the Advisers Act and Rules 206(4)-1, 206(4)-7 promulgated thereunder, and Rule 10 of Regulation S-P [17 C.F.R. § 248.10].

B. Respondent shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$90,000 to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

(a) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

(b) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Stephen Derby Gisclair as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Jeffrey Finnell, Assistant Director, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., N.E., Washington, DC 20549-5010-A.

C. Respondents shall comply with his undertakings enumerated in Section III above.

By the Commission.

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Elizabeth M. Murphy  
Secretary