

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. 10009 / January 28, 2016

SECURITIES EXCHANGE ACT OF 1934

Release No. 76991 / January 28, 2016

INVESTMENT ADVISERS ACT OF 1940

Release No. 4323 / January 28, 2016

INVESTMENT COMPANY ACT OF 1940

Release No. 31973 / January 28, 2016

ADMINISTRATIVE PROCEEDING

File No. 3-17075

In the Matter of

**PETER KUPERMAN and
QED BENCHMARK
MANAGEMENT, L.L.C.,**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTION 21C
OF THE SECURITIES EXCHANGE ACT OF
1934, SECTIONS 203(e), 203(f) AND 203(k)
OF THE INVESTMENT ADVISERS ACT OF
1940, AND SECTION 9(b) OF THE
INVESTMENT COMPANY ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Respondent Peter Kuperman (“Kuperman”) and Respondent QED Benchmark Management, L.L.C. (“QED Management”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted a joint 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offer, the Commission finds¹ that

Summary

1. This matter concerns violations of the antifraud provisions of the federal securities laws by Kuperman and QED Management while acting as investment advisers to a pooled investment vehicle, QED Benchmark L.P. (the “Fund”), that Kuperman created and offered to investors. Kuperman and QED Management marketed the Fund based on promises to follow a scientific stock selection strategy but, in practice, they repeatedly deviated from that strategy.

2. When an early deviation led to heavy losses, Kuperman marketed the Fund based on a misleading mixture of actual and hypothetical returns. When the Respondents later deviated from the strategy again, by investing most of the Fund’s assets in a single penny stock, Kuperman failed to disclose the investment to the Fund’s investors. Kuperman also failed to disclose that when he made the investment, he had a conflict of interest.

3. Kuperman subsequently used unsupported valuations of the penny stock to make his Fund appear more successful than it was, thereby inducing additional investments and delaying investor redemption attempts. Kuperman also lied to investors about the Fund’s liquidity when they began requesting redemptions in 2013. Through these deceptions, Kuperman delayed the discovery of his fraud and prolonged his ability to earn management and performance fees.

Respondents

4. **Kuperman** is a citizen and resident of Ontario, Canada. He resided in the United States from approximately 1992 to 2008. He is not registered with the Commission or associated with any entity registered with the Commission.

¹ The findings herein are made pursuant to Respondents’ Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

5. **QED Management** is a Delaware limited liability company founded by Kuperman in 2004, with its headquarters in New York, New York. From approximately 2004 through 2008, it maintained offices in New York. Beginning in approximately 2009, it maintained an office in Toronto, Canada. QED Management is the general partner and investment adviser for the Fund, and is wholly owned by Kuperman. QED Management has never been registered with the Commission.

Other Relevant Entities

6. **The Fund** is a Delaware limited partnership formed in 2004 whose stated investment objective was to earn above-market returns with volatility equal to or less than the market by selecting industries and stocks using a quantitative algorithm. The Fund qualifies as a pooled investment vehicle because its limited partnership agreement states that the “primary purpose and business of the Partnership is to acquire, purchase, invest in...trade in...or otherwise deal in Securities,” because the Fund has never been held by more than 100 investors, and because the Fund has not conducted and is not proposing to conduct a public offering.

Background

7. Kuperman founded the Fund in 2004. As the sole owner and principal of the Fund’s general partner, QED Management, Kuperman had exclusive responsibility for soliciting investments, communicating with investors (at times, indirectly through a fund administrator) and making investment decisions on behalf of the Fund.

8. From approximately 2005-2008, Kuperman obtained approximately \$1.2 million in capital for the Fund from a close relative and the close relative’s business associates. In trading the Fund’s assets, he and QED Management purportedly employed an algorithmic strategy that Kuperman referred to as the “five categories” strategy. The strategy purportedly focused on 285 varying metrics within the categories of momentum, growth, value, risk and estimates, and it used these metrics to select multiple investments that appeared likely to outperform the market.

9. Consistent with the Fund’s stated strategy, the Fund’s offering memorandum and limited partnership agreement (“LPA”) stated that no more than 20% of the Fund’s assets could be invested in any single security, and that no more than 5% of the Fund’s assets could be invested in an illiquid security.

Kuperman Misrepresented the 2009 Performance of the Fund

10. In February 2009, Kuperman deviated from the Fund’s stated strategy, investing heavily in one industry and a single stock. According to statements provided to investors by the Fund’s administrator, the Fund’s returns in January, February and March, 2009, were -8.7%, -35.48%, and -64.03%, respectively, for a total quarterly return of -78.81%.

11. Beginning in December 2009, Kuperman provided potential investors with documents that reported purported historical results for 2009, and in some cases for the first quarter of 2009, that were significantly higher than the Fund’s actual results. In order to show these misleadingly positive returns, Kuperman excluded the disastrous returns he actually achieved in

the first quarter of 2009, replacing them with the hypothetical returns that his model purportedly would have achieved if he had applied it correctly and consistently during the quarter.

12. Most of the Fund's marketing documents included, near the purported historical results, a statement that "[s]pecial circumstances occurred in February and March 2009. See Peter Kuperman for details." Kuperman admitted to a friend, however, that he had designed the materials to decrease the likelihood that potential investors would ask about this disclosure.

13. From January 2010 through 2013, Kuperman obtained approximately \$2.2 million in capital, primarily from new investors. All of the investors were provided with marketing documents containing fraudulent historical results, and there is no evidence that any of them received any additional, corrective disclosure.

**Kuperman Invested in Speculative Penny Stocks For His Own Benefit,
and He Misled Investors About the Value of Those Investments**

14. Sometime in 2010, Kuperman became acquainted with two Canadian individuals who were active in the penny stock markets (the "Promoters"). According to information available on the websites of the Commission and reputable news sources, one of the Promoters had pled guilty to securities fraud, and had been barred by the Commission from participating in penny stock offerings, for his involvement in a penny stock promotion scheme.

Purchases and Early Valuations of Emo Capital Corp., Inc.

15. In June and July 2011, Kuperman exchanged emails with the Promoters concerning a possible investment in Emo Capital Corp., Inc. ("Emo"), a Nevada corporation.² Kuperman initially stated that he would "have to pass" on the investment because he could not "accurately explain to my advisors why I am investing," but he invested some of his personal funds because "I want connections in Toronto." He later stated that he was "open to investing" \$100,000 of the Fund's money as "part of a client acquisition strategy, like we talked about what might happen in the 2-3 months after you close this deal."

16. On July 5, 2011, on behalf of the Fund, Kuperman purchased \$300,000 worth of 6% Series A Convertible Debentures of Emo. The convertible feature of the debentures entitled the holder to convert to 1,200,000 shares of Emo common stock. Emo was an SEC registered shell company, which reported holding no assets of any kind as of April 30, 2011, and having had negative cash flow and earnings in the most recent nine months. Kuperman performed no due diligence on the company before investing the Fund's money.

17. Kuperman did not disclose to the Fund's investors that the investment had been made, nor the fact that, because he and QED Management expected the Promoters to help them find clients in return for the Fund's investment, they had a financial conflict of interest.

² Beginning in mid-January 2012, Emo traded on the OTC market under the symbol NUVI, which stands for NuVitality – a company acquired by Emo. Because Emo did not change its name in its Commission filings to NuVitality, however, this Order will refer to the company as "Emo."

18. At the time he made the initial investment in Emo, Kuperman was advised, in an email from his fund's administrator, that it was Kuperman's responsibility, as manager, to provide "fair value" valuations for all illiquid investments.

19. Over the next six months, as reflected in the chart below, Kuperman provided the fund administrator with per share valuations for the Fund's Emo holdings that were not supported by Emo's public trading price.

Date	Kuperman's Valuation	Emo Stock Activity in Month
July 7, 2011	\$0.25	Initial investment price.
July 31, 2011	\$0.375	No July trading; two small trades in June at prices of \$.25 and \$.50
August 31, 2011	\$.45	No trading.
September 30, 2011	\$.50	No trading.
October 31, 2011	\$.70	No trading.
November 30, 2011	\$.85	Handful of trades at prices from \$.39-\$.60.

20. By late November 2011, the Emo convertible debentures represented almost 20% of the Fund's net asset value. The fund administrator relied on Kuperman's valuations to determine the Fund's net asset value, and the value of each investors' holdings. The administrator reported the value of the investors' holdings to them in monthly account statements.

21. In December 2011, Kuperman invested another \$400,000 of the Fund's money in illiquid Emo convertible debentures. In exchange for the additional \$400,000 investment, the Fund received a convertible debenture in the principal amount of \$300,000, which entitled the holder to convert to 1,200,000 shares of Emo common stock. At that point, the Emo convertible debentures represented over 50% of the Fund's net asset value.

22. The December 2011 purchase of illiquid Emo convertible debentures violated the LPA, which prohibited the Fund from putting more than 5% of its assets in any illiquid security, or 20% of its assets in any security (whether liquid or otherwise). Although QED Management, as the Fund's General Partner, had broad authority to make investment decisions for the Fund, the LPA did not specifically authorize it to make an investment that contradicted the terms of the LPA or to waive conflicts of interest on behalf of the Fund. In addition, because Kuperman and QED Management were fiduciaries of the Fund acting under a conflict of interest, they could not consent on the Fund's behalf to an investment that violated its LPA.

23. In December 2011, the Fund purchased 300,000 Emo common shares on the over-the-counter market. Its purchases accounted for 64% of the common stock's trading volume that month. The common stock's price that month ranged from \$.50-\$.64 per share.

24. In January 2012, the Fund purchased another 892,913 Emo common shares, at prices of \$0.61-80. By the end of that month, the Fund held 1,192,913 shares of Emo's common stock, at a cost basis of \$779,330.59. These shares represented over 75% of the net asset value of the holdings in the Fund's brokerage account. The cost basis of these shares, combined with the

\$700,000 worth of convertible debentures purchased in July and December, meant that Kuperman and QED Management had caused the Fund to invest over \$1.4 million in a single penny stock company.

25. On January 18, 2012, Kuperman told the fund administrator to value the shares at \$0.75 per share for the end of December. Emo traded at \$0.64 per share on December 31, 2011. The fund administrator pointed out that the Emo investments “represent 2/3 of your fund’s capital, and all of your 2011 income,” and it requested a “detailed explanation of the methodology used to compute” the valuation.

26. On January 31, 2012, an existing investor wrote to Kuperman: “the fund is [sic] has done very well this year! I am hoping it will continue and thought I would add money to our account.” Days later, Kuperman solicited additional investments from two other existing investors based on the 2011 “performance.” As a result of these solicitations, Kuperman obtained an additional \$245,000 for the Fund from five of its existing investors between January and April, 2012.

Kuperman Used a Purported “Put Option” to Value the Emo Holdings

27. In August 2012, both the trading volume and the price of the Emo common stock decreased. According to an email from Kuperman to one of the Promoters on September 8, 2012, the decrease in liquidity prompted discussions between Kuperman and the Fund’s administrator about valuing the Emo common stock (trading as “NUVI”) and convertible debentures. Kuperman wrote:

My administrator is concerned that since NUVI has no liquidity, at the very least the price should be the average of the bid and the ask but it should actually be a whole lot lower – he is concerned that based on what he sees, if I tried to sell even 100,000 shares the price would drop substantially.

The closing on Aug 31 showed a bid-ask of 0.30-0.58 (with a close of 0.58), thus giving an average of [0.]44, which is even lower than the [0.]48.5 of July 31.

28. At Kuperman’s request, and for no consideration, on approximately September 17, 2012, an entity associated with the Promoters provided him with a letter offering the Fund a put option at \$0.72, which purportedly allowed the Fund to sell its entire Emo holdings at \$0.72 at any time until March 2013. The fund administrator accepted this document as evidence of the holdings’ value, and the Fund’s statements to investors reflected a \$0.72 valuation for the next six months.

29. By February 2013, the Fund had sold all of its liquid holdings except for the Emo common stock. Emo common stock and the illiquid convertible debentures collectively accounted for 100% of the Fund’s net asset value.

30. By the end of March 2013, the Fund had slightly increased the size of its position in Emo’s common stock, which was trading infrequently, to 1,393,700 shares. The Fund’s March 2013 statement reflected a net asset value of \$59,929, based on a closing price of \$0.043 per share.

But on April 23, 2013, Kuperman told the fund administrator that he and the put issuer would “retire the existing March .72 Put and replace it with [a] Dec 1.00 Put.” The fund administrator responded:

The stock ended March at 4.3 cents per share.

So we are expected to believe that a 3rd party would give you the right to sell nearly 4 million shares of a stock at \$1.00 per share, even though its current price is roughly \$0.04 per share, in exchange for absolutely nothing?

The “put” had an intrinsic value of nearly 3.7 million and a 3d party sold it to you for zero?

I don’t think so.

31. In approximately late April 2013, an entity associated with the Promoters provided Kuperman with a letter, dated March 28, 2013, offering the Fund a put option at \$1.00, which purportedly allowed the Fund to sell its entire Emo holdings at \$1.00 at any time until December 2013.

Kuperman Accepted a Worthless Convertible Debenture “In Lieu” of the Put Option

32. In approximately August 2013, the entity associated with the Promoters wrote another letter, which nullified the March \$1.00 put option, but “allocated \$3.4M in Darkstar Convertible Debentures in lieu of the March 28, 2013 offer.” The put option was not honored. Instead of permitting the Fund to exercise its rights under that purported agreement, the Promoters reneged on that offer months before it expired. In exchange for this purportedly multimillion dollar asset of the Fund, the Promoters gave the Fund an overvalued asset from the Promoters’ portfolio – the illiquid Darkstar convertible debentures. These debentures required Darkstar to pay 6% annual interest and could be converted into common stock at a conversion price of \$1.00 per share.

33. Darkstar was an SEC-registered shell company that reported, as of April 30, 2013, cash of less than \$1,000 and no other assets. Darkstar’s Form 10-Q for the period ending April 30, 2013 disclosed that the entity had been dormant since its inception, had abandoned its business plan and was seeking a merger or acquisition partner. There were no filings issued between April 2013 and August 2013 that suggested a material change in the company’s financial condition or prospects. Darkstar has never traded on any exchange or in the over-the-counter market in the United States. Accordingly, the likelihood that the company could pay 6% interest on the \$3.4 million convertible debenture, or that the company’s common stock would ever trade above \$1.00 per share, was extremely low.

34. Kuperman performed no due diligence on Darkstar before accepting the “allocation” of the \$3.4 million convertible debentures “in lieu” of the Emo put option.

35. In August 2013, Kuperman hired a new fund administrator, who requested that Kuperman provide valuation memoranda for the Fund’s convertible debentures.

36. In September 2013, Kuperman provided memoranda that claimed that Darkstar “has acquired ownership of a mine in Utah,” and that Mercom Capital (“Mercom”), another penny stock in which Kuperman had invested some of the Fund’s money at the Promoters’ suggestion, owned rights to land in the Athabasca Oil Sands area of northeastern Alberta, Canada. Kuperman instructed the fund administrator to value the (now worthless) Emo common stock and convertible debentures at the OTC market price.

37. Based on Kuperman’s valuation memoranda (which were dated as of June 30, 2013 but drafted in September 2013), the Mercom convertible debenture was valued at its \$477,000 principal amount, despite the fact that the value of the common shares into which the debentures were convertible, as of the date of the valuation, was approximately 14,000 euros (or approximately \$18,000). The Darkstar convertible debenture was valued at its \$3.4 million principal amount. These valuations were used by the fund administrator to calculate the value of each investor’s account and to prepare monthly statements for the investors.

Kuperman Misled Investors About the Health and Liquidity of the Fund

38. In 2013, several investors sought information from Kuperman about the performance of the Fund and the procedure for redeeming their investments. Kuperman downplayed the magnitude of the Fund’s problems, telling them that the Fund had an “illiquid investment” that was “taking up about 35% of the fund.” Kuperman claimed that he was limiting redemptions in order to avoid leaving the remaining investors more heavily invested in the illiquid investment.

39. In reality, the Fund had virtually no liquid assets in 2013. The illiquid Emo, Mercom and Darkstar holdings accounted for 100% of the Fund’s net asset value. The Fund ultimately sold the Emo common stock it had bought on the OTC market at a steep loss and used the proceeds to fund partial redemptions for some investors. The Fund also obtained a new investor, introduced to the Fund by the Promoters, and used the \$190,000 investment by this investor to issue partial redemptions to some of the complaining investors.

Violations

40. The misstatements and omissions of fact found in this Order were material.

41. Respondents knew, or were reckless in not knowing, that their statements (and those of the fund administrators, acting at their direction) were false and misleading.

42. As a result of the conduct described above, Respondents willfully violated Sections 206(1), 206(2) and 206(4) of the Advisers Act, which prohibit fraudulent conduct by an investment adviser, and Rule 206(4)-8 promulgated thereunder, which prohibits fraudulent conduct by advisers to “pooled investment vehicles” with respect to investors or prospective investors in those pools.

43. As a result of the conduct described above, Respondents willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.

44. As a result of the conduct described above, Respondent Kuperman willfully aided, abetted, and caused QED Management's violations of the Advisers Act, Securities Act and Exchange Act.

Undertakings

45. Respondent Kuperman has undertaken to make, within 10 business days of the entry of this Order, a payment in the amount of \$2,877,000 to the Securities and Exchange Commission for the Fair Fund established in Section IV.D. of this Order to compensate Fund investors for harm caused by the conduct set forth in this Order. Pursuant to Section 308(b) of the Sarbanes-Oxley Act of 2002, as amended by the Dodd-Frank Act of 2010 [15 U.S.C. § 7246(b)] ("Sarbanes-Oxley"), this amount shall be accepted by the Commission as an additional donation to the Fair Fund and distributed as set forth in Paragraph IV.E. of this Order.

46. The payment described in Paragraph 45 may be made in one of the following ways:

- (1) Respondent Kuperman may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent Kuperman 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
- (3) Respondent Kuperman 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 shall be accompanied by a cover letter identifying the payor, Peter Kuperman, as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order shall be sent to Thomas P. Smith, Jr., Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, 200 Vesey St., 4th Floor, New York, NY 10281.

47. In determining whether to accept Respondent Kuperman's Offer, the Commission has considered the undertakings set forth in Paragraphs III.45 and III.46 above.

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 Respondents' Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, Sections 203(e), 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Kuperman and Respondent QED Management cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 promulgated thereunder.

B. Respondent Kuperman 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; and

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter.

Any reapplication for association by Respondent Kuperman 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.

C. Respondent Kuperman shall, within 10 calendar days of the entry of this Order, pay a civil penalty of \$75,000 to the Securities and Exchange Commission. If timely payment is not made, interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

- (1) Respondent Kuperman may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent Kuperman 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

- (3) Respondent Kuperman 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 the payor, Peter Kuperman, 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 Thomas P. Smith, Jr., Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, 200 Vesey St., 4th Floor, New York, NY 10281.

D. Pursuant to Section 308(a) of Sarbanes-Oxley, a Fair Fund is created for the penalty referenced in Paragraph C above. Pursuant to Section 308(b) of Sarbanes-Oxley, the payment described in Paragraphs III.45 and III.46 above will be accepted into the Fair Fund as an additional donation and distribution payments shall be made from the Fair Fund as set forth in Paragraph E below. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent Kuperman agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent Kuperman's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent Kuperman agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against either Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

E. After receipt of Respondent Kuperman's payments of the civil penalty and the payment described in Paragraphs III.45 and III.46 above, the Commission shall, within 120 days, make payments from the Fair Fund described in Paragraph D above to the investors previously identified to the Commission, described as Clients 1 through 21 in Exhibit 1 hereto, in the amounts set forth in Exhibit 1. The amount of each of these payments represents the dollar amount of each client's investment (net of redemptions and reimbursements of past losses), as calculated by Respondent Kuperman and agreed by each investor. Commission staff shall seek the appointment of a tax administrator for the above payments to harmed investors as they constitute payments from a qualified settlement fund ("QSF") under section 468B(g) of the Internal Revenue Code (IRC), 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5. Taxes, if any, and related administrative expenses shall be paid from the Fair Fund. After the Commission

makes the foregoing payments, any remaining funds shall be remitted to the United States Treasury.

F. Respondent Kuperman acknowledges that the Commission is not imposing disgorgement or prejudgment interest, and has determined the appropriate civil penalty, based upon his undertaking to make the payment described in Paragraphs III.45 and III.46 above, and that the Commission has relied upon information provided by Respondent Kuperman to determine the amount of compensation paid to each investor. If at any time following the entry of the Order, the Division of Enforcement obtains information indicating that Respondent Kuperman knowingly provided materially false or misleading information or materials to the Commission in connection with the Undertakings, or if the payment described in Paragraphs III.45 and III.46 is not made within 20 days of the entry of this Order, the Division may, at its sole discretion and without prior notice to Respondent Kuperman, petition the Commission to reopen this matter to seek an order directing that the Respondent pay appropriate disgorgement and prejudgment interest. The Division also may petition the Commission for an order imposing a higher civil money penalty. Respondent Kuperman may not, by way of defense to any such petition: (1) contest the findings in this Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent Kuperman, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Kuperman under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Kuperman of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Brent J. Fields
Secretary

EXHIBIT 1
Distribution of Funds to Investors

Investor	Amount (US Dollars)
Investor 1	190,000
Investor 2	10,000
Investor 3	13,000
Investor 4	41,000
Investor 5	135,000
Investor 6	170,000
Investor 7	500,000
Investor 8	125,000
Investor 9	10,000
Investor 10	500,000
Investor 11	50,000
Investor 12	100,000
Investor 13	100,000
Investor 14	85,000
Investor 15	750,000
Investor 16	10,000
Investor 17	10,000
Investor 18	10,000
Investor 19	10,000
Investor 20	8,000
Investor 21	50,000