

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: Dean Garrett Tanella)

FILE NO. 1300206

ORDER OF REVOCATION

TO THE RESPONDENT: Dean Garrett Tanella
718 Shore Dr. E
Oldsmar, FL 34677

WHEREAS, a Notice of Hearing (the "Notice") was issued by the Secretary of State on June 24, 2013 and a Hearing was held on August 16, 2013..

FINDINGS OF FACT:

1. That at all relevant times, the Respondent was registered with the Secretary of State as a Salesperson in the State of Illinois pursuant to Section 8 of the Act.
2. That on April 22, 2013 the Securities and Exchange Commission ("SEC") entered Administrative releases: No. 69425, No. 3591, No. 30474 in Administrative Proceeding No. 3-15295, In the Matter of Dean G. Tanella, an Order Instituting Administrative proceeding pursuant to File No. 3-15295 of the Securities Act of 1933, Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(f) of The Investment Advisers Act of 1940, and imposing remedial sanctions and a cease and desist order.

3. Summary

HCM, an unregistered investment adviser, and its principal, Dean G. Tanella, breached their fiduciary duty to one of HCM's managed hedge fund-of-funds, the HarborLight Diversified Fund ("Diversified"), by directing Diversified to purchase a significant interest in the HarborLight FAB Fund 2, L.P. ("FAB 2"), an affiliated hedge fund-of-funds, for the purpose of satisfying significant pending redemption requests. Their conduct left Diversified and its limited partners invested in a distressed fund, which HCM then announced four months later that it was closing. FAB 2 investors have not received any distributions to date.

As of September 2008, HCM and Tanella managed approximately \$31 million invested in Diversified and the HarborLight FAB Fund, L.P. ("FAB"). Beginning

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in late September 2008, FAB had approximately \$2 million in assets segregated in a reserve due to impaired value and approximately \$3.8 million in remaining net assets. FAB faced a liquidity shortfall after several investors sought redemptions totaling more than fifty percent of the fund's net assets. FAB had no access to liquidity to satisfy the requests because the remaining \$3.8 million in net assets were invested in three portfolio funds that had suspended redemptions, commenced orderly liquidation, or denied FAB's request to redeem prior to the fund's formal redemption period. Tanella and HCM subsequently formed FAB 2 and transferred FAB's three portfolio funds that had not been segregated. Effective January 2009, all of FAB's pending redemption requests were paid through FAB 2.

In an effort to create liquidity in FAB 2 to satisfy pending redemption requests, Tanella directed Diversified to make two investments in FAB 2 totaling \$2.35 million, then immediately used the \$2.35 million to pay the outstanding redemption requests. As a result of the two investments, Diversified owned over 60% of the troubled FAB 2 fund.

During the same period, HCM and Tanella also raised \$550,000 from new FAB 2 investors while failing to adequately disclose the fund's risks. FAB 2's offering materials did not disclose the fund's mounting redemption requests and liquidity crisis, or that HCM would use new investor money to satisfy outstanding redemption requests rather than to purchase securities. HCM and Tanella also did not adequately disclose that FAB 2 was illiquid and in distress.

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' Offers.

Accordingly, pursuant to Section 15(b) 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. Respondents cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder;
- B. Respondent HCM is censured;
- C. Respondent Tanella be, and hereby is, suspended from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent for a period of twelve months;
- D. Respondent Tanella be, and hereby is, prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter

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for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter for a period of twelve months;

- E. Respondent Tanella be, and hereby is, suspended 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 purpose of the issuance or trading in any penny stock; or inducing or attempting to induce the purchase or sale of any penny stock for a period of twelve months; and
- F. Respondents HCM and Tanella shall, jointly and severally, pay a total of \$64,072 in disgorgement, \$6,543 in prejudgment interest, and \$200,000 in civil money penalties to the Securities and Exchange Commission. Payment shall be made in the following installments: (1) \$20,000 shall be due and payable within 10 days of the entry of this Order; (2) an additional \$168,000 shall be due and payable within six months of the entry of this Order; and (3) the final \$82,615 shall be due and payable within one year of the entry of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application.

CONCLUSIONS OF LAW:

1. The Department properly served the Notice of Hearing on Respondent.
2. The Notice of Hearing included the information required under Section 1102 of the Code.
3. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.
4. The Secretary of State has jurisdiction over the Respondent's failure to file a timely answer, special appearance or other responsive pleading in accordance Section 1104:
 - (a) the allegations contained in the Notice of Hearing are deemed admitted;
 - (b) Respondent waived his right to a hearing;
 - (c) Respondent is subject to an Order of Default.

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5. Because the Respondent failed to appear at the time and place set for hearing, in accordance with Section 1109, he:
 - (d) Waived his right to present evidence, argue, object or cross examine witnesses; or
 - (e) Otherwise participate at the hearing.
6. That Section 8.E(1)(j) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that the registration of such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the federal 1974 Act arising from any fraudulent or a deceptive act or a promulgated by the self-regulatory organization.
7. The SEC enters orders after Notice and a Hearing as specified in Section 8.E(1)(k) of the Act.
8. By virtue of the foregoing Findings of Fact and Conclusions of Law, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.

THEREFORE:

1. An Order of Default is entered against Respondent.
2. The facts alleged in the Notice of Hearing are deemed admitted.
3. Respondent's registration as a salesperson in the State of Illinois is hereby REVOKED, effective July 23rd, 2013, the last date he was registered in Illinois.

DATED: July 29, 2014



JESSE WHITE
Secretary of State
State of Illinois

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