UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 66547 / March 9, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14672

In the Matter of	:	ORDER MAKING FINDINGS AND
	:	IMPOSING SANCTIONS BY
RICHARD DALTON	:	DEFAULT
	:	

The Securities and Exchange Commission (Commission) issued an Order Instituting Proceedings (OIP) on December 16, 2011, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that on December 1, 2011, the United States District Court for the District of Colorado permanently enjoined Richard Dalton (Dalton) from future violations of Sections 5 and 17(a) of the Securities Act of 1933 (Securities Act), Sections 10(b) and 15(a) of the Exchange Act, and Exchange Act Rule 10b-5 in SEC v. Dalton, No. 1:10-cv-2794-REB-KLM, 2011 U.S. Dist. LEXIS 138350 (D. Colo.). The OIP also alleges that on December 7, 2011, the district court entered a Default Judgment permanently enjoining Dalton from violating these provisions.

Dalton received the OIP on December 23, 2011, at the Englewood Federal Correctional Institution in Littleton, Colorado. An Answer to the OIP was due within twenty days of service. See OIP at 3; 17 C.F.R. §§ 201.160, .220(b). At the prehearing conference on January 17, 2012, I decided that Dalton would have until February 3, 2012, to sign an offer of settlement or to agree to do so, and if he did not, that I would find Dalton in default. Tr. 9.[1] The Division of Enforcement (Division) notified my Office on February 2, 2012, that there would not be a settlement.

Findings of Fact and Conclusions of Law

Dalton is in default because he has not filed an Answer and has not otherwise defended himself in the proceeding; accordingly, I determine the proceeding against him and find the allegations in the OIP to be true. See 17 C.F.R. §§ 201.155(a), .220(f). I take official notice of the Complaint (Nov. 16, 2010), Order Imposing Sanctions for Contempt of Court (Contempt Order) (Dec. 17, 2010), Order Granting Motion for Default Judgement Against Richard Dalton and Permanent Injunction (Order Granting Default Judgment) (Dec. 1, 2011), and Default Judgment (Dec. 7, 2011), in SEC v. Dalton. See 17 C.F.R. § 201.323.

[1] Citations are to the January 17, 2012, prehearing conference.

Respondent Dalton, age sixty-five, was a resident of Golden, Colorado. From March 2007 through, at least, June 2010 (relevant period), Dalton was the Director of Finance, General Manager, and sole employee of Universal Consulting Resources, LLC (UCR). OIP at 1-2. Neither Dalton nor UCR is a broker or dealer registered with the Commission and neither has been associated with a registered broker or dealer. OIP at 1.

During the relevant period, Dalton raised approximately $17 million from 130 investors through unregistered transactions, by offering and selling securities in the form of investment contracts known as the "Trading Program" and the "Diamond Program." OIP at 2.

> He used the mails or the means or instruments of transportation or communication in interstate commerce to sell or to offer to sell such securities when no registration statement was in effect or on file with the SEC, and no exemption from registration applied.

Order Granting Default Judgment at *4.

Dalton misappropriated investors' funds and engaged in a variety of fraudulent conduct. OIP at 2.

> Mr. Dalton knowingly engaged in acts, transactions, practices and courses of business that operated as a fraud and deceit on purchasers of interests in the investment contracts. Mr. Dalton personally solicited investors and routinely provided false and materially misleading information about the Trading Program and the Diamond Program. Mr. Dalton did not disclose that the Trading Program and the Diamond Program were a Ponzi scheme. Mr. Dalton told investors that he would pay annual profits ranging from 48% to 120% when he knew that the sole source of funds for profit payments was funds received from other investors. Mr. Dalton misrepresented to investors that their funds would be safe and held in an escrow account. Dalton misappropriated investors' funds, and used at least $2.5 million in investors' funds for his personal benefit or for the benefit of family members. He used at least an additional $969,350 in investors' funds to pay commissions to so-called finders.

Order Granting Default Judgment at *4-5.

The court concluded that Dalton violated the securities registration, antifraud, and broker-dealer registration provisions, and it permanently enjoined Dalton from violating Sections 5 and 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act, and Exchange Act Rule 10b-5. In addition, the court found Dalton jointly and severally liable with UCR for payment of a total of $15,842,948, representing disgorgement of ill-gotten gains of $7,549,458, prejudgment interest of $744,032, and civil penalties of $7,549,458. Order Granting Default Judgment at *6-7, Default Judgment.

On December 20, 2010, District Court Judge Robert E. Blackburn issued a Contempt Order that confirmed, supplemented, and expiated the findings of fact, conclusions of law, and orders that

he issued from the bench on December 17, 2010.[2] The Contempt Order was issued because Dalton failed and refused to obey a Temporary Restraining Order (TRO) filed November 23, 2010, requiring, among other things, that Dalton submit a sworn accounting to the court and the Commission. Contempt Order at 2-3. Judge Blackburn found Dalton guilty of civil contempt and ordered him arrested and incarcerated until he complied with the TRO. Contempt Order at 6.

Sanctions

Section 15(b)(6) of the Exchange Act states that the Commission shall impose sanctions on a person where the person, acting as a person associated with a broker or dealer, has been enjoined from engaging in conduct in connection with the purchase or sale of securities, if it is in the public interest to do so. See 15 U.S.C. § 78o(b)(4)(C); see, e.g., Vladislav Steven Zubkis, Exchange Act Release No. 52876 (Dec. 2, 2005), 86 SEC Docket 2618, 2627, recon. denied, Exchange Act Release No. 53651 (Apr. 13, 2006), 87 SEC Docket 2584 (barring an unregistered, associated person of an unregistered broker-dealer from association with a broker or dealer).

The Division requests that Dalton be barred from association to the maximum extent allowed by Section 15(b)(6) of the Exchange Act. Tr. 5.

The Commission uses the following factors in determining the public interest: (1) the egregiousness of the respondent's actions; (2) whether the violations were isolated or recurrent; (3) the degree of scienter; (4) the sincerity of the respondent's assurances against future violations; (5) the respondent's recognition of the wrongful nature of his or her conduct; and (6) the likelihood that the respondent's occupation will present opportunities for future violations. See Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981).

Dalton presents a threat to the public interest because of the likelihood of future violations. See Order Granting Motion for Default at *5-6. "[C]onduct that violates the antifraud provisions of the federal securities laws is especially serious and subject to the severest of sanctions under the securities laws." Marshall E. Melton, Investment Adviser Release No. 2151 (July 25, 2003), 56 S.E.C. 695, 713). Dalton's conduct in knowingly operating a Ponzi scheme for over three years that raised approximately $17 million, from which he derived over $7.5 million in ill-gotten gains, was egregious, continuous, and involved scienter. Order Granting Default Judgment at *4. The contumacious conduct that resulted in a civil contempt order shows Dalton's intransigence and refusal to acknowledge his illegal conduct.

For all the reasons stated, it is in the interest of the public to bar Dalton from participating in the securities industry as allowed by Section 15(b)(6)(A) of the Exchange Act, except for bars from association with a municipal advisor or nationally recognized statistical rating organization. These collateral bars, added by the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law on July 21, 2010, are, impermissible in this proceeding because they retroactively attach new consequences to conduct that occurred prior to the statute's enactment.[3]

[2] The Contempt Order is dated 2008, but this appears to be an error.

[3] I disagree that the prospective application of the restriction eliminates the retroactivity concern in this proceeding. See Landgraf v. USI Film Prods., 511 U.S. 244, 273 (1994).

Order

I ORDER, pursuant to Section 15(b) of the Securities Exchange Act of 1934, that Richard Dalton is barred from association with a broker, dealer, investment adviser, municipal securities dealer, transfer agent, and from participating in an offering of penny stock.

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Brenda P. Murray
Chief Administrative Law Judge