

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3330 / December 7, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14654

In the Matter of

Donald Anthony Walker Young,
a/k/a D.A. Walker Young

and

Acorn Capital Management, LLC

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTIONS
203(e) AND (f) OF THE INVESTMENT
ADVISERS ACT OF 1940, AND
NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Sections 203(e) and (f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Donald Anthony Walker Young (“Young”) and Acorn Capital Management, LLC (“Acorn Capital”) (collectively, the “Respondents”).

II.

After an investigation, the Division of Enforcement alleges that:

1. Respondent Acorn Capital is a Pennsylvania limited liability company that has been registered with the Commission as an investment adviser since 2001.
2. Respondent Young, age 40, currently is incarcerated at the Federal Correctional Institution located in Jesup, Georgia. Young and a colleague formed Acorn Capital in 1999 and Young has been its managing member since its inception. In its Form ADV, filed on April 1, 2009, Acorn Capital identified Young as its President, Chief Investment Officer, Chief Compliance Officer, Managing Member and sole owner.

3. On June 25, 2009, Louis C. Bechtle was appointed as Receiver in Securities and Exchange Commission v. Young, et al., Civil Action Number 09-CV-01634, in the United States District Court for the Eastern District of Pennsylvania, to assume control of, marshal, pursue, and preserve the assets of, among others, Young and Acorn Capital.

4. On April 12, 2011, a partial judgment was entered against each of the Respondents, permanently enjoining them from future violations of Sections 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 204, 206(1), 206(2), and 206(4) of the Advisers Act and Rules 204-2 and 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. Young, et al., Civil Action Number 09-CV-01634, in the United States District Court for the Eastern District of Pennsylvania. The partial judgment deferred ruling on disgorgement, prejudgment interest and civil penalties pending future motion by the Commission.

5. The Commission's complaint alleged that, from at least mid-2005, Young, through Acorn Capital, misappropriated more than \$23 million from investors buying into limited partnership interests in Acorn II, L.P., ("Acorn II"), a limited partnership controlled by the Respondents. The complaint alleged that the Respondents used investor funds to pay other investors in the nature of a Ponzi scheme, and directly stole some of the money to purchase a vacation home and pay personal expenses of Young related to horse ownership and racing, construction, boats, limousines, chartered aircraft and other luxuries.

6. On July 20, 2010, Young pled guilty to all counts of an indictment charging him with one count of mail fraud (18 U.S.C. § 1341) and one count of money laundering (18 U.S.C. § 1957) (the "Indictment"). USA v. Young, Crim. No. 10-199 (E.D. Pa.). On May 5, 2011, the court in the criminal action imposed judgment against Young, sentencing him to, among other things, 17.5 years in prison.

7. The Indictment criminally charged Young for the conduct underlying the Commission's complaint described in paragraph 5 above and, in particular, charged that from in or about November 1999 through in or about April 2009, Young devised and intended to devise a scheme to defraud in connection with the purchase or sale of Acorn II limited partnership interests, diverting to his own use more than \$25 million of investor funds. Among other things, the Indictment charged that Young, through Acorn Capital, solicited individuals to invest with him by means of materially false and misleading statements, including that investor funds would be invested in well-established large companies. The Indictment further alleges that Young obtained more than \$95 million from his investors and, instead of investing all of these funds as promised, Young diverted more than \$25 million of investor funds for his own use, purchasing, among other things, luxury homes for himself in Palm Beach, Florida, Coatesville, Pennsylvania, and Northeast Harbor, Maine.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

- A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;
- B. What, if any, remedial action is appropriate in the public interest against Respondent Acorn Capital pursuant to Section 203(e) of the Advisers Act; and
- C. What, if any, remedial action is appropriate in the public interest against Respondent Young pursuant to Section 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall each file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If either Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, that Respondent may be deemed in default and the proceedings may be determined against him or it upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness

or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy
Secretary