

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9363 / September 24, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15042

In the Matter of

**PRESCIENT CAPITAL
PARTNERS, LTD. AND
STEVEN C. YOUNG**

Respondents.

**ORDER INSTITUTING CEASE-AND-DESIST
PROCEEDINGS PURSUANT TO SECTION
8A OF THE SECURITIES ACT OF 1933,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), against Prescient Capital Partners, Ltd. and Steven C. Young (“Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, 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' Offers, the Commission finds¹ that:

Summary

1. These proceedings arise out of unregistered offerings of securities by Prescient Capital Partners, Ltd. ("PCP") and its owner, Steven C. Young ("Young"), in the form of loan participations issued by PCP. The offerings raised over \$7 million from 23 investors from 2010 through 2011. In connection with the offers and sales of these investments, PCP, through its owner, Young, acted as a middleman between borrowers seeking short-term bridge loans for commercial real estate ventures and investors whom it called "loan participants." These investors provided funds that PCP loaned to commercial borrowers. Investors received a pro rata share of the loan, including the interest payments made by the borrower. PCP and Young ostensibly intended to offer and sell the investments in reliance on the registration exemption contained in Regulation D, Rule 506 under the Securities Act of 1933 ("Securities Act"), but failed to comply with the regulatory requirements. PCP and Young made multiple general solicitations using mail, email, social media, and Internet websites and videos, and they solicited and accepted investments from at least four unaccredited, unsophisticated investors. The unregistered, non-exempt offerings violated Sections 5(a) and 5(c) of the Securities Act.

Respondents

2. **Steven C. Young**, 46, lives in Oconomowoc, Wisconsin. He is the founder and sole owner of PCP. He is not registered with the Commission in any capacity.

3. **Prescient Capital Partners, Ltd.** is a close corporation incorporated and located in the state of Wisconsin. It is not registered with the Commission in any capacity and has never registered an offering of securities under the Securities Act or a class of securities under the Exchange Act. PCP is solely owned and controlled by Steven C. Young.

Background

4. From 2009 through January 2012, (the "relevant period"), Respondents sought investors called "loan participants" to invest in loans made by PCP. PCP made short-term bridge loans for commercial real estate ventures, typically for duration of one or two years until the borrower could arrange long-term conventional financing. The borrowers paid PCP fees based on a percentage of the loan amount. Investors received a pro rata share of the loan, including the future interest payments made by the borrower. The offer and sale of these investments were not registered with the Commission pursuant to the Securities Act.

5. Respondents had full responsibility for administering the investment program. This included (a) preparing, executing, and filing loan documents; (b) accepting the monthly payments made by the borrowers on the loans, and making the interest payments to investors; and (c) taking

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

necessary steps to ensure interest and principal were timely paid. The investors had no responsibility for administering the loan. Return on the investments depended entirely on the efforts of Young and PCP.

6. From 2010 through 2011, Respondents offered and sold investments in five different loans totaling over \$7 million. They offered and sold the investments to 23 investors.

7. Respondents did not have adequate procedures in place to establish a reasonable belief that investors were accredited or sophisticated in accordance with registration exemptions contained in Regulation D, Rule 506. For example, although PCP had an accreditation questionnaire for investors, in most instances, Respondents did not ensure that investors completed and returned the questionnaire, and they failed to verify the information in completed questionnaires.

8. With respect to two of the securities offerings, at least four of the investors were unaccredited and unsophisticated. Respondents failed to provide the unaccredited investors with financial statements and other disclosures required when a Rule 506 offering is sold to unaccredited investors.

9. During the relevant period, Respondents made general solicitations of investors by means of mail, email, social media, and Internet websites and videos. These solicitations were prohibited by Rules 506(b)(1) and 502(c) of Regulation D.

10. As a result of the conduct described above, with respect to each of the securities offerings, Respondents committed violations of Sections 5(a) and 5(c) of the Securities Act, which prohibit the unregistered, non-exempt offer or sale of securities.

Respondents' Remedial Efforts

In determining to accept the Offers, the Commission considered remedial acts promptly undertaken by Respondents and cooperation afforded the Commission staff.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act, it is hereby ORDERED that:

A. Respondents cease and desist from committing or causing any violations and any future violations of Sections 5(a) and (c) of the Securities Act.

B. Respondents shall, jointly and severally, pay disgorgement of \$28,987 and prejudgment interest of \$981 to the United States Treasury. Payment shall be made in the following installments: (1) \$7,492 within seven days of the entry of this Order, (2) \$7,492 within 90 days of the entry of this Order, (3) \$7,492 within 180 days of the entry of this Order, and

(4) \$7,492 within 270 days of the entry of this Order. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) 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
- (3) 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 Steven C. Young and/or PCP as Respondents 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 Steven L. Cohen, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

C. Respondents acknowledge that the Commission is not imposing a civil penalty based upon their cooperation in the Commission investigation and/or related enforcement action. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondents knowingly provided materially false or misleading information or materials to the Commission or in a related proceeding, the Division may, at its sole discretion and without prior notice to Respondents, petition the Commission to reopen this matter and seek an order directing that Respondents pay a civil money penalty. Respondents may not, by way of defense to any resulting administrative proceeding: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Elizabeth M. Murphy
Secretary