



U.S. Securities and Exchange Commission

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 19662 / April 18, 2006

SEC v. David A. Dadante, United States District Court for the Northern District of Ohio 1:06CV0938

The Securities and Exchange Commission announced that it filed a complaint in the United States District Court for the Northern District of Ohio against David A. Dadante for violating Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 (Securities Act), Section 10(b) of the Securities Exchange Act of 1934 (Exchange Act) and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940, and against IPOF for violating Sections 5(a), 5(c) and 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 7(a) of the Investment Company Act of 1940. The complaint alleged that Dadante, an unregistered investment adviser, raised approximately \$50 million dollars from at least 110 investors by offering unregistered limited partnership interests in IPOF, an unregistered investment company, and by representing to them that: IPOF used two low-risk investment strategies; he protected investor principal in a purported Goldman Sachs money market account and only used the interest earned to invest; IPOF had high historical returns; and IPOF guaranteed high periodic returns. The complaint further alleged that Dadante sent investors IPOF periodic statements that showed purported investor returns that met or exceeded the purported historical and guaranteed returns. The complaint also alleged that, in reality, Dadante: used new investor money to pay the purported guaranteed returns to other investors; misappropriated millions of dollars of investors' funds for his personal use; and invested the majority of the remaining investor funds in one small-cap public company. The Commission is seeking permanent injunctions and disgorgement of ill-gotten gains, plus prejudgment interest, against Dadante and IPOF, and civil penalties against Dadante.

<http://www.sec.gov/litigation/litreleases/2006/lr19662.htm>