UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6723 / September 24, 2024

INVESTMENT COMPANY ACT OF 1940
Release No. 35332 / September 24, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22169

In the Matter of **ZIGMUND CHRISTIAN STRZELECKI,** **Respondent.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940 AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against Zigmund Christian Strzelecki ("Strzelecki" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") 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 him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 and Section 9(b) of the Investment Company Act of 1940, 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 Respondent's Offer, the Commission finds[1] that:

Summary

1. From approximately June 2021 through April 2022 (the "Relevant Period"), investment adviser representative Strzelecki improperly allocated profitable trades to his personal accounts, family members' accounts, and other affiliated accounts (the "Favored Accounts") at the expense of his other advisory clients. During this period, Strzelecki allocated a disproportionate share of trades with positive first day returns to the Favored Accounts, while allocating a disproportionate share of trades with negative first day returns to other client accounts he managed (the "Disfavored Accounts"). Strzelecki was able to do this by trading equities and options in a master, or omnibus, account and then waiting until later in the day to allocate those trades to his own personal or his clients' accounts. As a result of these uneven allocations, the Favored Accounts received excess profits of approximately $63,928 ($51,312 of which went to Strzelecki's personal accounts), while the Disfavored Accounts suffered corresponding excess losses. By virtue of this conduct, Strzelecki willfully violated Section 206(2) of the Advisers Act.

Respondent

2. **Strzelecki** (CRD # 5670285), age 44, is a resident of Perkasie, Pennsylvania. Strzelecki serves as the Vice President of Investments of Muntz Financial LLC ("Muntz Financial" or "the Adviser"), a state-registered investment adviser, and is registered with the State of Pennsylvania as an investment adviser representative of Muntz Financial. Strzelecki has never been associated with an entity registered with the Commission.

Other Relevant Entity

3. **Muntz Financial** (CRD # 145971) is a Pennsylvania limited liability company headquartered in Ambler, Pennsylvania. Muntz Financial is an investment adviser registered with the states of Pennsylvania and New Jersey, with approximately $100 million in assets under management. Muntz Financial is not registered with the Commission.

Background

4. During the Relevant Period, the Adviser provided investment advisory services to individual clients through separate client accounts custodied at a third-party brokerage firm. The Adviser also had a master, or omnibus, account custodied at the same brokerage (the "Master Account") through which block trades could be placed and subsequently allocated to other accounts. The purpose of the Master Account was to ensure that all advisory clients who traded the

[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

same securities on the same day received the same pricing and that some clients did not receive more favorable pricing than others. As the Adviser's Vice President of Investments, Strzelecki had discretionary and trading authority over all the relevant accounts.

5. Among the Adviser's clients were certain close relatives of Strzelecki, each of whom had one or more client accounts managed by Strzelecki. In addition, Strzelecki managed his own personal accounts with the Adviser.

6. While Strzelecki sometimes placed trades directly in the client accounts he managed, at other times he used the Master Account. The trading platform of the third-party brokerage firm used by the Adviser did not require trades placed through the Master Account to be allocated immediately, but rather, allocations had to be input before the end of the day.

7. When trading through the Master Account, Strzelecki typically placed trades in the morning or early afternoon and then allocated those trades at or near the end of the trading day, and sometimes after the market closed. This meant that, as a practical matter, he had the ability to observe intraday price movements and other market activity before making allocation decisions.

8. During the Relevant Period, Strzelecki allocated a disproportionate share of trades with positive first day returns (*i.e.*, trades that increased in price from the time of purchase in the Master Account to the time of allocation later that day) to the Favored Accounts. Conversely, he allocated a disproportionate share of trades with negative first day returns (*i.e.*, trades that decreased in price from the time of purchase in the Master Account to the time of allocation later that day) to the Disfavored Accounts.

9. Specifically, quantitative analysis shows that the Favored Accounts saw average first day returns of approximately 1.3% on allocated equity trades during the Relevant Period, while the Disfavored Accounts saw average first day returns of approximately -1.1% on allocated equity trades. Further, the Favored Accounts saw average first day returns of approximately 11.8% on allocated options trades during the Relevant Period, while the Disfavored Accounts saw average first day returns of approximately -26.6% on allocated options trades.

10. The disparity between the first day returns on trades allocated to the Favored Accounts as compared to trades allocated to the Disfavored Accounts is statistically significant, and the probability that such an allocation occurred by chance is nearly zero. As a result of these uneven allocations, the Favored Accounts received excess profits of approximately $63,928 on allocated trades during the Relevant Period (with corresponding excess losses in the Disfavored Accounts). The majority of excess first day profits ($51,312) went to Strzelecki's personal accounts. The disparity was largely driven by first day losses on a few dozen trades allocated to certain Disfavored Accounts.

11. In or around April 2022, the Adviser switched to a new trading platform at a different third-party brokerage firm and transferred custody of its clients' accounts to that firm. The statistical disparity in first day returns as between the Favored and Disfavored Accounts ceased following the transition to a new brokerage firm and trading platform.

Violation

12. As a result of the conduct described above, Strzelecki willfully[2] violated Section 206(2) of the Advisers Act, which makes it unlawful for any investment adviser, directly or indirectly, to "engage in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client." Scienter is not required to establish a violation of Section 206(2), but rather a violation may rest on a finding of negligence. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 194-95 (1963)).

Disgorgement

13. The disgorgement and prejudgment interest ordered in paragraph IV.C is consistent with equitable principles and does not exceed Respondent's net profits from his violations and will be distributed to harmed investors to the extent feasible. The Commission will hold funds paid pursuant to paragraph IV.C in an account at the United States Treasury pending distribution. Upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to investors, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934 ("Exchange Act").

Undertakings

Respondent has undertaken to:

Provide to the Commission, within 30 days after the end of the six (6) month suspension period described below, an affidavit that he has complied fully with the sanctions described in Section IV.B below.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

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[2] "Willfully," for purposes of imposing relief under Section 203(f) of the Advisers Act and Section 9(b) of the Investment Company Act, "'means no more than that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "also be aware that he is violating one of the Rules or Acts." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ted]" material information from a required disclosure in violation of Section 207 of the Advisers Act).

Accordingly, pursuant to Sections 203(f) and 203(k) of the Advisers Act and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act.

B. Respondent be, and hereby is, suspended from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization or from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter, for a period of six (6) months, effective on the second Monday following the entry of this Order.

C. Respondent shall pay disgorgement of $51,312, prejudgment interest of $8,390.98, and civil penalties of $63,928 to the Securities and Exchange Commission. Payment shall be made in the following installments:

- $51,312.00 within 10 days of the entry of this Order;
- $9,039.87 within 90 days of the entry of this Order;
- $9,039.87 within 180 days of the entry of this Order;
- $9,039.87 within 270 days of the entry of this Order;
- $9,039.87 within 360 days of the entry of this Order;
- $9,039.87 within 450 days of the entry of this Order;
- $9,039.87 within 540 days of the entry of this Order;
- $9,039.87 within 630 days of the entry of this Order; and
- $9,039.89, plus remaining post-order interest, within 720 days of the entry of this Order.

Payments shall be applied first to post-order interest, which accrues pursuant to SEC Rule of Practice 600 (for disgorgement) and pursuant to 31 U.S.C. § 3717 (for penalties). Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

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 Strzelecki as a Respondent 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 Joseph G. Sansone, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616.

D. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, prejudgment interest, and penalties referenced in paragraph C above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

E. Respondent shall comply with the undertakings enumerated in Section III above.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by

Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary