

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 2491 / February 28, 2006**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12223**

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<b>In the Matter of</b>	:	<b>ORDER INSTITUTING</b>
	:	<b>ADMINISTRATIVE PROCEEDINGS</b>
<b>J. DOUGLAS SCHMIDT,</b>	:	<b>PURSUANT TO SECTION 203(f) OF</b>
	:	<b>THE INVESTMENT ADVISERS ACT OF</b>
<b>Respondent.</b>	:	<b>1940, MAKING FINDINGS, AND</b>
	:	<b>IMPOSING REMEDIAL SANCTIONS</b>

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**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 Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act") against J. Douglas Schmidt ("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, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

**III.**

On the basis of this Order and Respondent's Offer, the Commission finds that

1. Schmidt was the chief operating officer of Durus Capital Management, LLC, an investment adviser not registered with the Commission during the period from at least November 2002 through July 2003. Schmidt, 40 years old, is a resident of New York, New York.

2. On October 12, 2005, Schmidt pled guilty to one count of aiding and abetting the willful and knowing making of a false statement in an application, report, and document required to be filed under Title 15, United States Code, Chapter 2B, in violation of Section 32(a) of the Exchange Act (Title 15 United States Code, Section 78ff) before the United States District Court for the District of Connecticut, in United States v. J. Douglas Schmidt, 3:05cr263-AHN.

3. The count of the criminal information to which Schmidt pled guilty alleged, inter alia, that Schmidt aided and abetted the making of false statements in documents required to be filed with the Commission – i.e., Forms 13F.

#### IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Schmidt be, and hereby is barred from association with any investment adviser, with the right to reapply for association after five years to the appropriate self-regulatory organization, or if there is none, to the Commission;

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Nancy M. Morris  
Secretary