May 19, 2008

VIA HAND DELIVERY

Hearing Officer Clerk
Massachusetts Securities Division
One Ashburton Place, 17th Floor
Boston, MA  02108


Dear Sir/Madam:

Enclosed for filing please find the following:

1) Draft Order for Allowance of Ex Parte Motion for a Temporary Order to Cease and Desist
2) Administrative Complaint;
3) Notice of Adjudicatory Proceeding;
4) Certificate of Service for same.

Thank you for your attention to this matter.

Sincerely,

Anthony M. Drenzek, Esq.
Enforcement Section

Enclosures.

cc:  Per Certificate of Service
ADMINISTRATIVE COMPLAINT AND EX PARTE MOTION FOR A
TEMPORARY ORDER TO CEASE & DESIST

I. PRELIMINARY STATEMENT

The Enforcement Section ("Enforcement Section") of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the "Division") files this administrative complaint ("Complaint") in order to commence an adjudicatory proceeding against The River Stream Fund and Michael Carroll Regan (collectively "Respondents") for violating M.G.L. c. 110A, the Massachusetts Uniform Securities Act (the "Act") and 950 CMR 10.00 et seq. ("Regulations"). The Complaint alleges Respondents offered and sold unregistered and non-exempt securities in the Commonwealth in violation of the Act and Regulations. The complaint further alleges that Respondent Regan failed to register and acted as an investment adviser or investment adviser representative in violation of the Act and Regulations.

The Enforcement Section seeks an Order of the Division to: 1) obtain a temporary cease and desist order barring Respondent Regan from acting as an investment adviser and investment adviser representative and, after hearing, to obtain a permanent cease and
desist order barring the same; 2) obtain a temporary cease and desist order barring Respondents from offering for sale and selling any security in Massachusetts until the security is properly registered or is offered for sale and sold pursuant to an exemption from registration under the Act and, after hearing, to obtain a permanent cease and desist order barring the same; 3) to obtain an accounting of all securities sold to investors and offer rescission to compensate investors for those losses attributable to the alleged wrongdoing; 4) to disgorge all profits realized as a result of Respondents’ violations of the Act; 5) pay an administrative fine in an amount and upon such terms as the Director or Hearing Officer may determine; 6) order Respondents to pay the Enforcement Section’s investigatory costs; and 7) to take such further action as may be deemed just and appropriate for the protection of investors.

II. SUMMARY

A Massachusetts resident telephoned the Division on May 12, 2008 and described her recent shock and dismay at receiving a letter from counsel for Michael Carroll Regan ("Regan"), a man she had invested with for over a decade, informing her that she could not access the investment upon which she depended for living expenses. The investor¹ relayed information to the Division about The River Stream Fund ("River Stream"), a purported pooled investment vehicle. Upon finding no registration as an investment adviser or investment adviser representative for Regan or Regan & Co. (a d/b/a for Regan) and no registration or notice filing for The River Stream Fund with the Division, the Division dispatched investigators to Regan’s and River Stream’s South Natick, Massachusetts offices.

¹ Pursuant to 950 CMR § 14.413, client names are withheld to protect the privacy of the individual investors involved.
Investigators for the Division found that Regan had vacated the premises though, with the consent and assistance of the building’s landlord, they were able to retrieve certain documents Regan had discarded. In the building’s dumpster, investigators found confidential client information, including birthdates, social security and both bank and brokerage account numbers, passwords and wire transfer information. This sensitive information had been tossed into the trash without being shredded or redacted in any manner.

Investors nationwide in the fund began calling the Division, describing long-term relationships with Regan and the representations he had made. Regan informed prospective investors that he earned a MBA in Finance from Columbia University. As part of its investigation the Division sought to confirm the existence of this degree and was not able do so. Regan also represented The River Stream Fund as different things to several people, ranging from a “hedge fund” to an “investment club” to a “limited partnership.”

Regan failed to obtain vital information about his investors’ financial backgrounds, investment experience, and net worth. Several investors did not understand the nature of their investments, but because of the bonds of friendship, trusted Regan with their money. Regan charged all investors whose assets he was managing a twenty percent (20%) performance fee. A performance fee is considered unsuitable for all but the most sophisticated, qualified clients.

Investors in the fund ranged from trustees for pension plans, young adults trying to accrue scholarship money and retirees who now may have to return to work as a result of Regan’s actions. From at least the beginning of May 2008, The River Stream Fund
started to experience liquidity problems. As a result, investors have not received
requested or automatic distributions from River Stream. Subsequently, several investors
may be forced to sell their homes. One investor who confronted Regan was told that
there were no assets remaining in The River Stream Fund.

III. JURISDICTION AND AUTHORITY
1. The Massachusetts Securities Division is a division of the Office of the Secretary
   of the Commonwealth with jurisdiction over matters relating to securities, as provided
   for by the Act. The Act authorizes the Division to regulate: 1) the offers, sales, and
   purchases of securities; 2) those individuals offering and/or selling securities; and 3)
   those individuals transacting business as investment advisers within the Commonwealth.

2. The Division brings this action pursuant to the enforcement authority conferred
   upon it by § 407A of the Act and M.G.L. c. 30A, wherein the Division has the authority
   to conduct an adjudicatory proceeding to enforce the provisions of the Act and all
   Regulations and rules promulgated thereunder.

3. This proceeding is brought in accordance with §§ 201, 204, 301, 404, and 407A
   of the Act and its Regulations. Specifically, the acts and practices constituting violations
   occurred within the Commonwealth of Massachusetts.

4. The Division specifically reserves the right to amend this Complaint and/or bring
   additional administrative complaints to reflect information developed during the current
   and ongoing investigation.

IV. RELEVANT TIME PERIOD
5. Except as otherwise expressly stated, the conduct described herein occurred
during the approximate time period of January 1, 1996 to date ("Relevant Time Period").
V. RESPONDENTS

6. Michael Carroll Regan ("Regan"), age 64, is an individual with a last known address of 87 Old Connecticut Path, in Wayland, Massachusetts. Regan has most recently served as the president of Regan & Co, Regan’s d/b/a with a principal place of business located in South Natick, Massachusetts. Regan has also served as the portfolio manager of The River Stream Fund. Regan has a Central Registration Depository ("CRD") identification number of 372965. Regan has never held a registration in Massachusetts as a broker-dealer agent, an investment adviser representative, or in any other capacity in the securities business during the Relevant Time Period.

7. River Stream Fund ("River Stream") is an entity with a principal place of business at 21 Elliot Street, South Natick Massachusetts 01760. Upon information and belief, River Stream has not filed articles of organization with any jurisdiction within the United States. Upon information and belief, River Stream is under the sole control of Regan. River Stream has never held a registration in Massachusetts as a broker-dealer, an investment adviser, or in any other capacity in the securities business. River Stream has never filed an application for the registration of, or notice of exemption for, securities to be offered in Massachusetts.

VI. OTHER INVOLVED AND RELATED PARTIES

8. Regan & Company ("Regan & Co.") is a d/b/a name of Regan with a principal place of business at 21 Elliot Street in South Natick, Massachusetts. Upon information and belief, Regan & Co. has not filed articles of organization with any jurisdiction within the United States. Upon information and belief, Regan & Co. is under the sole control of Regan. Regan & Co. has never held a registration in Massachusetts as a
broker-dealer, an investment adviser, or in any other capacity in the securities business. Regan & Co. has never filed an application for the registration or exemption of securities to be offered in Massachusetts.

VII. FACTS AND ALLEGATIONS

Background

9. The Division first became aware of Regan, Regan & Co., and The River Stream Fund when a Massachusetts resident ("Investor 1") called the Division.

10. Investor 1 had invested approximately one million four hundred thousand dollars ($1,400,000) into The River Stream Fund run by Regan and Regan & Co. and depended on disbursements from the fund for her living expenses.

11. Investor 1 represented that she had been investing in The River Stream Fund and with Regan for the past ten or eleven years.

12. On or about May 8, 2008 Investor 1 received a letter dated May 6, 2008 from Raymond Mansolillo, Esq. (the “Mansolillo letter”) who indicated that he represented the legal interest of Regan and that the “assets of The River Stream Fund had been frozen pending a forensic audit.” [See Exhibit 1].

13. The Mansolillo letter led Investor 1 to believe that her investment was in jeopardy and that she would no longer be able to access her assets and receive money for her living expenses.

14. As a result of the Investor 1’s inquiry, the Division searched relevant records and filings databases to determine whether River Stream, Regan, and Regan & Co. were registered as investment advisers, investment adviser representatives, broker-dealer, or broker dealer agents.
15. The Division found no record of a registration for River Stream Fund, Regan, or Regan & Co. during the Relevant Time Period as investment advisers, investment adviser representatives, broker-dealer, or broker dealer agents.

16. The Division also searched relevant records and filings databases to determine whether The River Stream Fund was a registered security, securities issuer, or had filed a notice of exemption from registration.

17. The Division found no Massachusetts securities registration or notice of exemption on behalf of The River Stream Fund during the Relevant Time Period.

18. The Division found no federal securities registration or federal notice of exemption from securities registration filing for The River Stream Fund during the Relevant Time Period.

19. The Division dispatched an Enforcement Attorney and an Investigator (the “Division’s Investigators”) to Regan’s office in South Natick, Massachusetts to perform an on-site books and records inspection, interview and investigative inquiry.

20. Upon their arrival at Regan’s office, the Division’s Investigators learned that Regan had recently vacated the premises.

21. The Division Investigators were informed by the landlord that another person was recently looking for Regan who had claimed he had invested money into The River Stream Fund.

22. While speaking with Division’s Investigators, the building landlord noted that, in clearing out his office, Regan disposed of several bags of trash.

23. The building where Regan had his offices used a common trash receptacle for all of the building’s tenants.
24. This trash receptacle or dumpster was in an accessible place in the building parking lot and was also unlocked and unsecured.

25. The landlord was able to identify the type of trash bags Regan used and provided the Division's Investigators with access and tools to assist in the recovery of the items Regan disposed.

26. Within the dumpster, the Division's Investigators found bags containing books, a handheld electronic device, handwritten notes, various personal communications, client communications and other files.

27. The documents that the Division's Investigators uncovered were not shredded or redacted, and contained wire transfer, tax and confidential client contact information, including birthdates, bank account numbers, brokerage account numbers, passwords and social security numbers.

28. Any individual who came across the discarded documents could have used the passwords, social security numbers, tax identification forms and other personal information found into the trash to access various clients' personal brokerage or personal bank accounts and sensitive information regarding The River Stream Fund.

29. Upon the Division's Investigators return to the office, the Division issued subpoenas for bank account and brokerage records related to the fund.

30. These subpoenas required the production of documents related to The River Stream Fund's brokerage and bank accounts.

31. The Division also sent a subpoena ad testificandum for Regan to testify before the Division.

32. Regan's counsel subsequently filed a motion to quash the Division's subpoena ad
testificandum issued to Regan.

**Regans' Representations to Investors**

33. As of April 15, 2008, The River Stream Fund had over sixty accounts that Regan and Regan & Co. serviced.

34. River Stream investors include residents of Massachusetts, Arizona, California, New Hampshire, Nevada, New York, and Venezuela.

35. According to the April 15, 2008 statements Regan sent to investors, Regan represented that there was approximately fifteen million dollars ($15,000,000) invested in The River Stream Fund.

36. According to a brokerage account statement for River Stream obtained by the Division, the ending balance of one account as of April 30, 2008 was $1625.54.

37. Investors in River Stream ranged from working individuals starting a nest egg for retirement, trustees of pension and profit sharing plans, young adults relying on Regan to manage their scholarship money and funds saved for college tuition by students and parents, to retirees and widows.

38. Investors informed the Division that Regan at various times represented The River Stream Fund as a “hedge fund,” “stock club,” “partnership interests,” “limited partnership,” and as a “stock trading fund.”

39. Investors informed the Division that Regan told them that River Stream invested in stocks, exchange traded funds, and indexes, and that the Fund was returned to a cash position at the end of each trading day. [See Exhibit 2]

40. Regan charged investors in The River Stream Fund a performance-based fee equal to 20% of net realized profits, calculated and paid monthly.
41. Regan gave a "bio" to investors, stating that he earned an MBA in Finance from Columbia University in 1968. [See Exhibit 3].

42. Upon information and belief, Regan not only did not earn an MBA in Finance, but also never attended Columbia University.

43. Regan gave at least one investor information that he was a "leading player" in the "1992 USA Today Moneyline Amateur Investment Challenge."

44. While Regan provided information about his own background, he rarely obtained information from prospective investors' in The River Stream Fund as to their own investment experience and financial profiles.

45. One investor told the Division that while Regan accepted her investment check, she does not recall ever having communicated with him directly prior to investing.

46. Regan represented that investors could receive monthly distributions or make withdrawals as needed at the end of the month.

47. One investor told the Division that he had some concerns about Regan's method of accounting after he received a distribution from his investment, yet it was never reflected in the statements Regan apparently prepared and provided him until the investor brought it to Regan's attention.

48. Recently, several investors who requested distributions from The River Stream Fund have been unable to receive funds.

49. Another investor who spoke with counsel for Regan learned that "the entire fund may be in jeopardy."

50. Several investors fear losses in excess of one million dollars from investing in The River Stream Fund; while other investors are forced to put homes up for immediate
Individual Investors' Experiences

Investor Number 1

51. Subsequent to Investor 1’s initial call to the Division gathered further information regarding Investor 1’s relationship to Regan and her investment in The River Stream Fund.

52. Investor 1 is a Massachusetts resident who met Regan through her late husband.


54. Investor 1 told the Division she made her first investment of twenty five thousand dollars ($25,000) into The River Stream Fund in the spring of 1997.

55. Investor 1 subsequently opened accounts in her children’s names.

56. Over the next several years, through five related family accounts, Investor 1 made a number of deposits into The River Stream Fund totaling one million five hundred fifty five thousand dollars ($1,555,000).

57. Investor 1 was told that the rate of return of The River Stream Fund would be around twenty percent (20%) annually.

58. Regan charged Investor 1 a performance-based fee on her investment in The River Stream Fund.

59. As of the April 15, 2008 River Stream bi-monthly statement apparently prepared by Regan, Investor 1’s related accounts totaled one million four hundred nineteen thousand six hundred nineteen dollars ($1,419,619).
60. Neither Investor 1, nor her children ever filled out an investor profile questionnaire or a statement of net worth attesting to their accredited investor status.

61. Investor 1’s children were not accredited investors\(^2\) or qualified clients\(^3\) at the time of their initial investment.

62. Investor 1 considered Regan a friend, an individual with whom she would have dinner with as well as someone whom took her children to baseball games after their father died.

63. Due to the consistency of returns over the years, receiving bi-monthly statements, receiving the IRS K-1 tax forms, and timely disbursements, Investor 1 told the Division she had recommended and touted River Stream to six other people, including her mother, who all subsequently became investors.

64. Based on Investor 1’s recommendations and River Stream’s purported proven returns, these additional investors referred by Investor 1 combined to contribute over three million dollars ($3,000,000) into The River Stream Fund.

65. Prior to receiving the Mansolillo letter, Investor 1 informed the Division that she was unaware that there were any problems with The River Stream Fund, in fact as recently as of January or February 2008, Regan had represented to Investor 1 that she would receive a guaranteed twenty percent (20\%) return for 2008.

66. Investor 1 invested both her savings and life insurance monies received due to her husband’s death into The River Stream Fund and used the returns as income to pay expenses, including college tuition for her children.

\(^2\) Accredited Investor is defined in Rule 501(a) of Regulation D of the Securities Act of 1933.

\(^3\) Qualified Client is defined in Rule 205-3(d) of the Investment Advisers Act of 1940.
67. Investor 1 represents that she is in a state of shock considering that she will not only be forced to sell her home, but also in light of her personal relationship with Regan and his awareness of Investor 1’s financial and life situation.

**Investor Number 2**

68. Investor 2 is a 65 year old Massachusetts resident who has known Regan for fifty-three years.

69. Investor 2 informed the Division that Regan did not go to Columbia University for graduate school and did not earn an MBA in finance as has been represented to other clients on a sheet that says “Bio………” [Refer to Exhibit 3].

70. Investor 2 received a letter dated March 11, 1998 from Regan indicating, “I have recently established a stock trading fund, River Stream fund, and am currently accepting funds from a limited number of investors. The minimum investment is $25,000.” [See Exhibit 4].

71. On or about June 29, 1999, Investor 2 and his wife, who is now since retired, filled out an “Investor Subscription Form” and signed an “Investment Agreement of The River Stream Fund” [See Exhibits 5 and 6], and invested twenty five thousand dollars ($25,000) into The River Stream Fund.

72. Regan charged Investor 2 and his wife a performance-based fee on his investment in The River Stream Fund.

73. At the time of this first investment, Investor 2 and his wife were neither accredited investors nor qualified clients, nor were they asked to execute an investor profile questionnaire or a statement of net worth.
74. Over the years, as Investor 2's other investments would mature, Regan emphasized The River Stream Fund's returns and encouraged Investor 2 to put more money into the fund.

75. In total, through additional life savings and matured investments, Investor 2 and his wife's principle in River Stream totaled three hundred sixty thousand dollars ($360,000), with the last principle contribution taking place Christmas Day 2007 by Investor 2 hand delivering Regan a check for ten thousand dollars ($10,000).

76. As of the April 15, 2008 River Stream bi-monthly statement, Investor 2 and his wife's balance was eight hundred forty three thousand seven hundred eighty three dollars ($843,783).

77. Investor 2 and his wife, who are both retirees, were going to start drawing on their River Stream holdings in the next year to use as income during retirement.

78. Investor 2 and his wife have paid taxes on his portion of The River Stream Fund purported earnings listed on the annual K-1 tax forms apparently prepared by Regan, and Investor 2's accountant even remarked that he wanted to meet Regan as River Stream was a "terrific fund."

79. Investor 2 described Regan as having a very engaging personality, nice smile, drives a mini-van, and did not have expensive tastes.

80. Investor 2 told the Division that "words cannot express how I feel" and Regan's message to Investor 2 through Regan's daughter of "I'm sorry" is of "no consolation for a life's worth of savings disappeared."

Investor Number 3
81. Investor 3, a 54 year old Massachusetts resident, met Regan about fifteen years ago when both men worked out of the same office building in Wellesley, Massachusetts.

82. Investor 3 made his first principle contribution of twenty five thousand dollars ($25,000) to The River Stream Fund around 1997 and subsequently added another seventyfive thousand dollars ($75,000).

83. Investor 3 is neither an accredited investor nor qualified client, nor was he asked to fill out an investor profile questionnaire, or a statement of net worth.

84. Regan charged Investor 3 a performance-based fee on his investment in The River Stream Fund.

85. Because of the consistency of returns Investor 3 received, Investor 3 recommended The River Stream Fund to two friends who subsequently invested over a combined half million dollars into River Stream.

86. Investor 3 was invited into Regan’s social circle and had, on occasion, played golf with Regan and his best friend.

87. Investor 3 described Regan as an individual with a social circle based in Massachusetts and trusted that “this guy is going nowhere,” and therefore he thought he had a secure investment in The River Stream Fund.

88. Investor 3 drove to Regan’s residence in Wayland, Massachusetts during the week of May 5, 2008 and Investor 3 informed the Division that Regan told him there were no assets remaining in The River Stream Fund.

89. Investor 3 was planning on using the returns from The River Stream Fund as part of his retirement income; however, Investor 3 told the Division that he will now have to put off his retirement plans.
Investor Number 4

90. Investor 4 and his wife met Regan through a mutual golfing friend over lunch at the Boston area country club to which Regan belonged.

91. In March of 1999, Investor 4 made his first investment into The River Stream Fund, contributing one hundred thousand dollars ($100,000) from the sale of real estate with an additional contribution of thirty thousand dollars ($30,000) in November 2007.

92. Regan charged Investor 4 a performance-based fee on his investment in The River Stream Fund.

93. Investor 4 used his investment as his nest egg and as an income stream that enabled Investor 4 to pursue a career change.

94. Neither Investor 4 nor his wife were accredited investors or qualified clients, nor were they asked to fill out an investor profile questionnaire or a statement of net worth.

95. As of the April 15, 2008 River Stream bi-monthly statement, Investor 4’s balance was one hundred twenty thousand two hundred twelve ($120,212).

96. In April of 1999, Investor 4’s wife started her own River Stream Fund account with a deposit of thirty thousand dollars ($30,000).

97. Regan charged Investor 4’s wife a performance-based fee on her investment in The River Stream Fund.

98. As of the April 15, 2008 River Stream bi-monthly statement, Investor 4’s wife’s balance was fifty seven thousand two hundred eighty five dollars ($57,285).

99. Regan represented to Investor 4 and his wife that they were investing in a conservative hedge fund and that Regan did not take any undue chances by taking
money out of investments before the market peaked and sold investments before the market went down.

100. Investor 4's impressions of Regan were that he was a "gregarious" individual and that a lot of investors in the fund considered Regan not only as the fund manager, but also as a friend.

**Unregistered Investment Advisory Activity**

101. Regan was not registered as an investment adviser, investment adviser representative, broker-dealer or registered representative of a broker-dealer with the Massachusetts Securities Division, the Financial Industry Regulatory Authority, or the United States Securities and Exchange Commission during the Relevant Time Period.

102. Regan represented that he was the portfolio manager of The River Stream Fund.

103. Regan was compensated for managing and advising the investments of The River Stream Fund.

104. A portion of Regan's compensation from The River Stream Fund was derived from performance based fees.

105. Regan charged performance fees to all clients, regardless of investor sophistication, qualified client status, or accreditation investor status.

**Offer and Sale of Unregistered and Non-Exempt Securities**

106. Interests in The River Stream Fund were offered and sold to over twenty-nine (29) Massachusetts residents as well as residents of California, Nevada, Arizona, New Hampshire, Vermont, and Venezuela.

107. Regan offered interests in The River Stream Fund through in-person meetings and referrals from other investors.
108. Regan enticed investors with annual rates of returns ranging between ten percent (10%) and twenty percent (20%).

109. Regan sold interests in The River Stream Fund through in-person meetings and received principle contributions indirectly via other investors.

110. Several persons offered interests in The River Stream Fund who then became purchasers filled out an "Investor Subscription Form" and signed an "Investment Agreement of The River Stream Fund." [Refer to Exhibits 5 and 6].

111. The purchasers of River Stream interests received bi-monthly statements accompanied with Regan’s narratives commenting on the state of the market, his strategy for the month, and the fund’s performance. [See Exhibit 7 and 8].

112. The River Stream Fund purchasers also received annual IRS K-1 tax forms prepared by Regan and investors subsequently paid taxes on the purported earnings reflected on the K-1 forms. [See Exhibit 9].

113. None of The River Stream Fund investors had the authority to manage the allocation of assets of the fund.

114. Interests in The River Stream Fund are securities as defined under the Act and Regulations.

115. Interests in The River Stream Fund are not registered under the Act.

116. Interests in The River Stream Fund are not exempted under §402 of the Act.

117. The River Stream Fund is not a federally covered security as defined in the Securities Act of 1933.

VIII. VIOLATIONS OF LAW

A. COUNT I – VIOLATION OF § 201
118. The Division herein re-alleges paragraphs 1 through 117 above.

119. Section 201(c) of the Act provides in pertinent part:

   It is unlawful for any person to transact business in this commonwealth as an
   investment adviser or as an investment adviser representative unless he is so
   registered under this chapter.

120. Section 401(m) of the Act provides, in pertinent part:

   "Investment adviser" means any person who, for compensation, engages in
   the business of advising others, either directly or through publications or
   writings, as to value of securities or as to the advisability of investing in,
   purchasing, or selling securities, or who, for compensation and as a part of a
   regular business, issues or promulgates analyses or reports concerning
   securities. "Investment adviser" also includes financial planners and other
   persons who, as an integral component of other financially related services,
   provide the foregoing investment advisory services to others for compensation
   and as a part of a business or who hold themselves out as providing the
   foregoing investment advisory services to others for compensation.

121. The Division herein re-alleges and restates the allegations and facts set forth in
   paragraphs 1-117 above.

122. The conduct of Respondent Regan, as described above, constitutes a violation of
   M.G.L. c. 110A, § 201(c).

B. COUNT II – VIOLATION OF § 301

123. The Division herein re-alleges paragraphs 1 through 117 above.

124. Section 301 of the Act provides:

   It is unlawful for any person to offer or sell any security in the commonwealth
   unless:--
   (1) the security is registered under this chapter;
   (2) the security or transaction is exempted under section 402; or
   (3) the security is a federal covered security.

125. The Division herein re-alleges and restates the allegations and facts set forth in
   paragraphs 1-117 above.

126. The conduct of Respondent Regan, as described above, constitutes a violation of
M.G.L. c. 110A, § 301.

C. COUNT III – VIOLATION OF § 204(a)(2)(G)

127. The Division herein re-alleges paragraphs 1 through 117 above.

128. Section 204(a)(2)(G) provides in pertinent part:

The secretary may by order impose an administrative fine or censure or deny, suspend, or revoke any registration or take any other appropriate action if he finds... (2) that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser: (G) has engaged in any unethical or dishonest conduct or practices in the securities, commodities or insurance business.

129. 950 CMR §12.205(9)(a) states in pertinent part:

(9) Fraudulent Practices/Dishonest or Unethical Practices.
(a) As used in 950 CMR 12.205(9), "adviser" refers to any person, including persons registered or excluded from registration under M.G.L. c. 110A, who receives any consideration from another person primarily for advising the other person as to the value of securities or their purchase and sale, whether through the issuance of analyses or reports or otherwise. It is a rebuttable presumption that such term includes all investment advisers and investment adviser representatives, as well as other persons who charge fees based on assets under management or portfolio performance for rendering investment advice.

130. 950 CMR §12.205(9)(c) states in pertinent part:

...(c) The following practices are a non-exclusive list of practices by an adviser which shall be deemed "dishonest or unethical conduct or practices in the securities business" for purposes of M.G.L. c. 110A, § 204(a)(2)(G):

131. 950 CMR 12.205(9)(c)(8) provides that it shall be deemed "dishonest or unethical conduct or practices in the securities business" for purposes of M.G.L. c. 110A, § 204(a)(2)(G):

Misrepresenting to any advisory client, or prospective advisory client, the qualifications of the adviser, its representatives or any employees, or misrepresenting the nature of the advisory services being offered or fees to be charged for such services, or omitting to state a material fact necessary to make the statements made regarding qualifications, services or fees, in light of the circumstances under which they are made, not misleading.
132. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1-117 above.

133. The conduct of Respondent Regan, as described above, constitutes a violation of M.G.L. c. 110A, § 204(a)(2)(G).

D. COUNT IV – VIOLATION OF § 204(a)(2)(G)

134. The Division herein re-alleges paragraphs 1 through 117 above.

135. 950 CMR 12.205(9)(c)(10) provides that it shall be deemed "dishonest or unethical conduct or practices in the securities business" for purposes of M.G.L. c. 110A, § 204(a)(2)(G):

Charging a client an advisory fee that is unreasonable in light of the fees charged by other investment advisers providing essentially the same services.

136. Rule 205-3 of the Investment Advisers Act of 1940, Exemption from the Compensation Prohibition of Section 205(a)(1) for Investment Advisers states in pertinent part:

...The provisions of section 205(a)(1) of the Act will not be deemed to prohibit an investment adviser from entering into, performing, renewing or extending an investment advisory contract that provides for compensation to the investment adviser on the basis of a share of the capital gains upon, or the capital appreciation of, the funds, or any portion of the funds, of a client; Provided, That the client entering into the contract subject to this section is a qualified client, as defined in paragraph (d)(1) of this section.

...For the purposes of this section:
1. The term qualified client means:
   i. A natural person who or a company that immediately after entering into the contract has at least $750,000 under the management of the investment adviser;
   ii. A natural person who or a company that the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, either: Has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than $1,500,000 at the time the contract is entered into; or Is a
qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 at the time the contract is entered into; or

iii. A natural person who immediately prior to entering into the contract is:

A. An executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser; or

B. An employee of the investment adviser (other than an employee performing solely clerical, secretarial or administrative functions with regard to the investment adviser) who, in connection with his or her regular functions or duties, participates in the investment activities of such investment adviser, provided that such employee has been performing such functions and duties for or on behalf of the investment adviser, or substantially similar functions or duties for or on behalf of another company for at least 12 months.

137. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1-117 above.

138. The conduct of Respondent Regan, as described above, constitutes a violation of M.G.L. c. 110A, § 204(a)(2)(G).

E. COUNT V – VIOLATION OF § 204(a)(2)(G)

139. The Division herein re-alleges paragraphs 1 through 117 above.

140. 950 CMR 12.205(9)(c)(13) provides that it shall be deemed "dishonest or unethical conduct or practices in the securities business" for purposes of M.G.L. c. 110A, § 204(a)(2)(G):

Disclosing the identity, affairs, or investments of any client to any third party unless required by law to do so, or unless consented to by the client.

141. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1-117 above.

142. The conduct of Respondent Regan, as described above, constitutes a violation of
M.G.L. c. 110A, § 204(a)(2)(G).

F. COUNT VI – VIOLATION OF 950 CMR 12.205(7)(a)

The Division herein re-alleges paragraphs 1 through 117 above.

143. 950 CMR 12.205(7)(a) provides in pertinent part:

"Each investment adviser shall make and keep true, accurate, and current...accounts, correspondence, memorandum, papers, books and other records relating to its investment advisory business."

144. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1-117 above.

145. The conduct of Respondents, as described above, constitutes a violation of 950 CMR 12.205(7)(a).

IX. MOTION FOR TEMPORARY RELIEF

146. The Division realleges and incorporates paragraphs 1 through 145.

147. An ex parte temporary cease and desist order issued pursuant to Section 407A(b) of the Act and Section 10.06(c) of the Regulations is necessary in view of the following facts, which establish that any delay in issuing such an order will likely result in irreparable harm to the Massachusetts investors:

(i) The serious nature of the collective Respondents’ alleged misconduct;

(ii) The significant number of investors presently impacted by Respondents’ alleged misconduct;

(iii) The serious nature of Regan’s alleged statements to investors regarding the current assets of The River Stream Fund;

(iv) The likelihood that the Respondents will continue to engage in acts and practices in violation of the Act and the Regulations, and
(v) The likelihood that the Enforcement Section will prevail on the merits of the Complaint.

X. STATUTORY BASIS FOR RELIEF

148. Violations, Cease and Desist Orders and Costs

149. Section 407(a) of the Act provides in pertinent part that:

If the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission or any other such relief as in his judgment may be necessary to carry out the purposes of [the Act].

150. Section 407A(b) of the Act provides in pertinent part that

(b) If the secretary makes written findings of fact that the public interest will be irreparably harmed by delay in issuing an order under subsection (a), the secretary may issue a temporary cease and desist order. Upon the entry of a temporary cease and desist order...

151. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 145 above.

152. Respondents Regan and The River Stream Fund, directly and indirectly, engaged in the acts, practices, and courses of business set forth in the Complaint above, and it is the Division's belief that Respondent Respondents Regan and The River Stream Fund will continue to engage in acts and practices similar in subject and purpose which constitute violations of the Act if not ordered to cease and desist.

X. PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors to:
A. Obtain a temporary cease and desist order barring Respondent Regan from acting as an investment adviser and investment adviser representative and, after hearing, to obtain a permanent cease and desist barring the same;

B. Obtain a temporary cease and desist order barring Respondents from offering and selling unregistered, non-exempt securities and, after hearing, to obtain a permanent cease and desist barring the same;

C. Obtain an accounting of all securities sold to investors and offer rescission to compensate investors for those losses attributable to the alleged wrongdoing;

D. Disgorge all profits realized as a result of Respondents' violations of the Act';

E. Impose an administrative fine against Respondents Regan and The River Stream Fund in an amount and upon such terms and conditions as the Director or Hearing Officer may determine;

F. Require the Respondents to pay the Enforcement Section's investigatory costs;

G. Take such further actions against Respondents Regan and The River Stream Fund which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

XI. RELIEF REQUESTED

Wherefore, the Enforcement Section of the Division requests that the Director or Hearing Officer take the following action:

A. Find as fact the allegations set forth in paragraphs 1 to 145 inclusive of the Complaint;
B. Find that all the sanctions and remedies as detailed herein are in the public interest and necessary for the protection of Massachusetts investors;

C. Find that sufficient grounds exist to enter an ex parte Temporary Cease and Desist Order ("Temporary Order") providing the relief requested in the Enforcement Section's Motion for a Temporary Cease and Desist Order and enter a Temporary Order with the following terms:
   1. Respondents shall cease and desist from violations of the Act and associated Regulations;
   2. Respondents shall; cease and desist from the offer and sale of unregistered and non-exempt securities.
   3. Respondent Regan shall cease and desist from acting as an investment adviser and an investment adviser representative in Massachusetts.

D. Enter an Order of the Division to:
   1. Require Respondent Regan to permanently cease and desist from acting as an investment adviser and investment adviser representative,
   2. Require Respondents to permanently cease and desist from offering and selling unregistered, non-exempt securities.
   3. to obtain an accounting of all securities sold to investors and offer rescission to compensate investors for those losses attributable to the alleged wrongdoing;
   4. Disgorge all profits realized as a result of Respondents' violations of the Act;
5. Impose an administrative fine against Respondents Regan and The River Stream Fund in an amount and upon such terms and conditions as the Director or Hearing Officer may determine;

6. Require the Respondents to pay the Enforcement Section's investigatory costs;

E. Take such further actions against Respondents Regan and The River Stream Fund which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

ENFORCEMENT SECTION
MASSACHUSETTS SECURITIES DIVISION
By its attorneys,

[Signature]
Anthony Michael Drenzek, Enforcement

[Signature]
Carol Anne Foehl, Enforcement

[Signature]
Patrick J. Ahearne, Chief of Enforcement

Massachusetts Securities Division
One Ashburton Place, Room 1701
Boston, MA 02108
(617) 727-3548
(617) 248-0177 (fax)

Dated: May 19, 2008
COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108

IN THE MATTER OF:
THE RIVER STEAM FUND &
MICHAEL CARROLL REGAN

Docket No. E-2008-0034

DRAFT ORDER FOR ALLOWANCE OF EX-PARTE MOTION FOR A TEMPORARY ORDER TO CEASE AND DESIST

1. William Francis Galvin, Secretary of the Commonwealth, by his Securities Division (the "Division") commences this adjudicatory proceeding against Respondents.

2. This proceeding is commenced pursuant to the provisions of M.G.L. c. 30A, the Massachusetts Uniform Securities Act c. 110A (the "Act") and 950 CMR 10.00 et seq. (the "Rules").

3. Section 407A(a) of the Act, entitled "Violations; Cease and Desist Orders; Costs" in relevant part states:

   "If the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice..."

4. Section 407A(b) of the Act in relevant part states:

   "If the secretary makes written findings of fact that the public interest will be irreparably harmed by delay in issuing an order under subsection (a), the secretary may issue a temporary cease and desist order."

5. Further, 950 CMR 10.06(c) provides in pertinent part:
"Simultaneous with the commencement of an adjudicatory proceeding...the Division may request a temporary order to cease and desist from the Presiding Officer. The request may be made *ex parte.*"

6. The Enforcement Section of the Division has filed an Administrative Complaint, and *Ex Parte* Motion for a Temporary Order to Cease and Desist ("Complaint").

7. Solely for the purposes of reaching a determination whether to allow the Division's Motion for Temporary Order to Cease and Desist, I have accepted the allegations and statements of fact set forth in their Complaint as true.

8. Accepting these facts as true, I find that it is likely that the Division will prevail at a subsequent hearing on the merits of this matter.

9. Again, accepting these facts as true, I find that based on the allegations set forth in the Complaint, a Temporary Cease and Desist Order is in the public interest and is necessary to protect investors in the Commonwealth from financial harm.

10. Again, accepting these facts as true for this limited purpose, I make this finding because of the on-going nature of Respondents' alleged conduct in offering and selling unregistered and non-exempt securities, and acting as an unregistered investment adviser and an investment adviser representative in Massachusetts.

11. Further, in its Complaint, the Division has set forth sufficient facts to establish a *prima facie* case that Respondents violated the Act by offering and selling unregistered and non-exempt securities and acting as an unregistered investment adviser and an investment adviser representative in Massachusetts.

12. Wherefore: having made the above findings of fact and determining that it is in the public interest and necessary for the protection of investors and consistent with the purposes of the Act,
IT IS HEREBY ORDERED: Respondents shall immediately cease and desist from violations of the Act and associated Regulations, and Respondents shall cease and desist from offering and selling unregistered and non-exempt securities, and acting as an unregistered investment adviser and an investment adviser representative in Massachusetts.

1. The above Order is hereby issued ex parte and is effective immediately upon signing of this Order.

2. A copy of the Enforcement Section's Complaint and this Order shall be served via certified mail, return receipt requested, or in a manner permissible under the laws of the state in which they reside, on Respondents as provided for by these Rules.

3. Respondents are hereby notified that pursuant to section 407(b) of the Act and section 10.06 of the Rules, that they have a right to request an administrative hearing and that such hearing must be set down within twenty (20) days after receipt by the Division of Respondents' written request for such hearing. Said hearing will be held to determine if this Order shall be modified, vacated or extended until final determination.

WILLIAM FRANCIS GALVIN
SECRETARY OF THE COMMONWEALTH

Diane Young-Spitzer
Associate Director & General Counsel
Massachusetts Securities Division
One Ashburton Place, Room 1701
Boston, Massachusetts 02108
(617)727-3548

Issued this ___ day of May, 2008
COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108

IN THE MATTER OF:  
THE RIVER STEAM FUND &  
MICHAEL CARROLL REGAN

Docket No. E-2008-0034

NOTICE OF ADJUDICATORY PROCEEDING

Please take notice that William Francis Galvin, Secretary of the Commonwealth, by his Enforcement Section of the Securities Division (the “Enforcement Section” and “Division”) seeks an order to: 1) obtain a temporary cease and desist order barring Respondent Regan from acting as an investment adviser and investment adviser representative and, after hearing, to obtain a permanent cease and desist order barring the same; 2) obtain a temporary cease and desist order barring Respondents from offering for sale and selling any security in Massachusetts until the security is properly registered or is offered for sale and sold pursuant to an exemption from registration under the Act and, after hearing, to obtain a permanent cease and desist order barring the same; 3) to obtain an accounting of all securities sold to investors and offer rescission to compensate investors for those losses attributable to the alleged wrongdoing; 4) to disgorge all profits realized as a result of Respondents’ violations of the Act; 5) pay an administrative fine in an amount and upon such terms as the Director or Hearing Officer may determine; 6) order Respondents to pay the Enforcement Section’s investigatory costs; and 7) to take such further action as may be deemed just and appropriate for the protection of investors.
Respondents have the right to request an adjudicatory hearing at which Respondent may show good cause why such an order and sanctions should not be entered. The adjudicatory proceeding is governed by Massachusetts General Laws, chapter 110A and by the Rules set forth in Title 950 of the Code of Massachusetts Regulations beginning at section 10.00. The matters of fact and law in the proceeding are set forth in the Administrative Complaint, a copy of which is filed and served herewith.

In accordance with 950 CMR section 10.06(e), the Respondents must file an answer to each allegation set forth in the Administrative Complaint within twenty-one days after service upon Respondents. A Respondent who fails to file a timely answer may be deemed to be in default, and the allegations of the Administrative Complaint may thereupon be accepted as true and the proceedings determined against the defaulting party by issuance of a final order.

WILLIAM FRANCIS GALVIN
SECRETARY OF THE COMMONWEALTH

Diane Young-Spitzer
Associate Director & General Counsel
Massachusetts Securities Division
One Ashburton Place, Room 1701
Boston, Massachusetts 02108
(617)727-3548

Issued this 19th day of May, 2008
COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108

IN THE MATTER OF:
THE RIVER STEAM FUND &
MICHAEL CARROLL REGAN

Docket No. E-2008-0034

CERTIFICATE OF SERVICE

I hereby certify that on May 19, 2008 I caused a copy of the foregoing Draft Order for Allowance of Ex Parte Motion for a Temporary Order to Cease and Desist, Administrative Complaint, and Notice of Adjudicatory Proceeding to be served to the following parties by the means indicated below:

The River Stream Fund
c/o Michael Carroll Regan
21 Elliot Street
Natick, Massachusetts 01760
(By certified mail, return receipt requested)

Michael Carroll Regan
87 Old Connecticut Path, Unit A
Wayland, Massachusetts, 01778-3301
(By certified mail, return receipt requested)

Raymond A. Mansolillo, Esq.
101 Federal Street, Suite 1900
Boston, Massachusetts 02110
(By facsimile (617) 342-7080 and certified mail, return receipt requested)

May 19, 2008

Anthony M. Drenzek, Esq.