

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 55785/May 18, 2007

INVESTMENT ADVISERS ACT OF 1940  
Release No. 2605/May 18, 2007

ADMINISTRATIVE PROCEEDING  
File No. 3-12556

---

In the Matter of	:	
	:	
KEITH G. GILABERT	:	ORDER MAKING FINDINGS AND
	:	IMPOSING SANCTIONS BY
	:	DEFAULT
	:	
	:	

---

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) on January 31, 2007, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and Section 203(f) of the Investment Advisers Act of 1940 (Advisers Act). The Office of the Secretary has provided evidence demonstrating that Respondent Keith G. Gilabert (Gilabert) was served with the OIP on February 6, 2007. Gilabert's Answer was due within 20 days of his receipt of the OIP. OIP at 2; 17 C.F.R. § 201.220(b). No Answer has been filed, and the time for filing an Answer has expired.

The Division of Enforcement (Division) filed a Request by Division of Enforcement for Entry of Default against Respondent Keith G. Gilabert (Motion) dated March 5, 2007. To date, Gilabert has not filed a response to the Motion. On March 16, 2007, I ordered Gilabert to show cause on or before April 10, 2007, why he should not be held in default and be barred from association with any broker, dealer, or investment adviser.

In a letter dated April 2, 2007, Gilabert advised that he is incarcerated at the Metropolitan Detention Center in Los Angeles, California, and requested a continuance of this proceeding pending an ongoing criminal investigation by the United States Attorney. Gilabert's request for a continuance was denied. Keith G. Gilabert, Admin. Proc. No. 3-12556 (Apr. 19, 2007). Despite this denial, Gilabert was given until May 11, 2007, to respond to the Show Cause Order. Gilabert renewed his request for a continuance in a letter dated May 8, 2007.<sup>1</sup> In denying Gilabert's April 2,

---

<sup>1</sup> On May 17, 2007, the Division filed its Response by Division of Enforcement to Respondent's Third Request for Continuance in which the Division opposes Gilabert's request for a continuance.

2007, request for a continuance, I found that Gilabert had not made a strong showing that denial of his request would substantially prejudice his ability to defend this proceeding, which seeks to bar Gilabert from association with any broker, dealer, or investment adviser based on an injunction entered in the United States District Court for the Central District of California. Gilabert's May 8, 2007, letter does not provide sufficient additional evidence to find otherwise; therefore, Gilabert's May 8, 2007, motion for a continuance is denied.

Neither Gilabert's April 2 letter nor his May 8 letter meets the requirements of an Answer under Rule 220 of the Commission's Rules of Practice. Rule 220 requires an Answer to "specifically admit, deny, or state that the party does not have, and is unable to obtain, sufficient information to admit or deny each allegation in the order instituting proceedings." 17 C.F.R. § 201.220(c). Gilabert's letter fails to address any of the allegations in the OIP. Gilabert's letter also fails to meet the requirements of the Show Cause Order. The Show Cause Order stated that "[a]ny response to this Order must include Gilabert's overdue Answer to the OIP in accordance with Rule 220 of the Commission's Rules of Practice." Keith G. Gilabert, Admin. Proc. No. 3-12556 (Mar. 16, 2007). Therefore, Gilabert is in default for failing to file an Answer, respond to a dispositive motion, or otherwise defend the proceeding. 17 C.F.R. §§ 201.155, .220(f). Pursuant to Rule 155(a) of the Commission's Rules of Practice, I find the following allegations in the OIP to be true.

Gilabert, thirty-five years old, was a resident of Valencia, California, during the conduct described herein. From September 2001 to January 2005, Gilabert was the managing member and portfolio manager of CMG-Capital Management Group Holding Company, LLC, an unregistered investment adviser, and also managing partner of The GLT Venture Fund, L.P. (GLT), an unregistered investment company. During the time in which he engaged in the conduct underlying the complaint described below, Gilabert was not associated with either a broker-dealer or an investment adviser registered with the Commission. Gilabert participated in an offering of GLT limited partnership interests and also determined which securities to purchase and sell on GLT's behalf.

On December 6, 2006, the United States District Court for the Central District of California entered a final judgment against Gilabert pursuant to his default, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action titled SEC v. CMG-Capital Mgmt. Group Holding Co., No. CV 06-2595 GHK (JWJx) (C.D. Cal.).

The Commission's complaint alleged that, from September 2001 to January 2005, in connection with the sale of GLT limited partnership interests, Gilabert misappropriated GLT's and investors' funds, paid investor returns with new investor funds, falsely stated that GLT had achieved 19% to 36% annual returns when it actually lost money, falsely stated that no one stock would account for more than 1.5% of GLT's portfolio when in fact its holdings were far more concentrated, failed to disclose that the California Department of Corporations had revoked CMG's investment adviser registration, and otherwise engaged in a variety of conduct that operated as a fraud and deceit on investors. The complaint also alleged that Gilabert sold GLT limited partnership interests in an unregistered securities offering and acted as an unregistered broker-dealer.

In consideration of the above, I conclude that it is in the public interest to bar Gilabert from association with any broker, dealer, or investment adviser.

ORDER

IT IS ORDERED THAT, Keith G. Gilabert's request for a continuance is DENIED; and

IT IS FURTHER ORDERED THAT, pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Keith G. Gilabert is barred from association with any broker, dealer, or investment adviser.

---

Robert G. Mahony  
Administrative Law Judge