

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 68940 / February 15, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15210**

**In the Matter of**

**GUY W. GANE, JR.,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b) OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND NOTICE OF HEARING**

**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 to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Guy W. Gane, Jr. (“Respondent” or “Gane”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. From early 2005 through May 2008, Gane was the president and principal of Watermark Financial Services Group, Inc., Watermark M-One Holdings, Inc., M-One Financial Services, LLC, and Watermark Capital Group, LLC ( the “Watermark Entities”). Gane was a registered representative from October 2002 to April 2007, associated with a series of registered broker-dealers that operated out of the offices of the Watermark Entities in Amherst, NY. After April 2007, Gane was not a registered representative associated with any broker-dealer.

**B. ENTRY OF INJUNCTION AND RESPONDENT’S CRIMINAL CONVICTION**

2. On February 16, 2012, a final judgment was entered against Gane, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the

civil action entitled Securities and Exchange Commission v. Watermark Financial Services Group, Inc., et al., Civil Action Number 1:08-CV-361, in the United States District Court for the Western District of New York.

3. The Commission's complaint alleged that, from at least May 2005 until May 2008, Gane raised approximately \$5.7 million from two fraudulent, unregistered securities offerings. First, Gane and the other defendants generated approximately \$5.1 million by selling "convertible debentures" issued by the Watermark Entities to approximately 90 unsophisticated investors, a number of whom were senior citizens or near retirement age. Second, Gane and another defendant raised \$580,000 by selling promissory notes issued by the Watermark Entities. Neither securities offering was registered with the Commission.

4. On December 9, 2010, Gane pleaded guilty to one count of mail fraud in violation of 18 U.S.C. § 1341; and one count of money laundering in violation of 18 U.S.C. § 1957; before the United States District Court for the Western District of New York, in United States v. Guy W. Gane, Jr., Case No. 1:10-CR-90. On September 23, 2011, a judgment in the criminal case was entered against Gane. He was sentenced to a prison term of 156 months followed by three years of supervised release and ordered to make restitution in the amount of \$6,394,359.37.

5. The counts of the indictment to which Gane pleaded guilty—which relate to the fraudulent securities offerings also described in the Commission's action—alleged, among other things, that Gane defrauded investors and obtained money and property by means of false and fraudulent pretenses, representations and promises.

### **III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

### **IV.**

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary