

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 74585 / March 26, 2015

ADMINISTRATIVE PROCEEDING

File No. 3-16459

In the Matter of

DAVID BOYLE

Respondent.

**ORDER INSTITUTING CEASE-AND-DESIST
PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING REMEDIAL
SANCTIONS AND A CEASE-AND-DESIST
ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against David Boyle (“Boyle” 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 Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, 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 that:

SUMMARY

Between at least January 1, 2008 and June 30, 2012 (“the Relevant Period”), Global Fixed Income, LLC (“GFI”) had five employees, including Charles Perlitz Kempf (“Kempf”), and primarily bought and sold fixed income securities, focusing on corporate securities; however, GFI also bought and sold agency securities (e.g., Fannie Mae and Freddie Mac bonds) and sold government securities as a hedge against interest rate risk. GFI primarily purchased investment grade corporate bonds. To increase GFI’s allocation in new issue corporate bonds (“New Issues”),

during the Relevant Period, GFI entered into agreements with third-parties, including Etek Investment Management, Inc. (“Etek”), to purchase securities on behalf of GFI. Shortly thereafter, the third-parties, including Etek, transferred the securities to GFI, which then sold the securities. Because the New Issues were often oversubscribed, GFI was generally able to sell or “flip” the bonds within a few days for a small profit as compared to the dollar value of the trade. Over the Relevant Period, the third parties, including Etek, also purchased securities on the secondary market (“Secondary Trades”) on behalf of GFI.

RESPONDENT

1. David Boyle, age 54, resides in Blackwood, New Jersey. Respondent owns one-third of Etek. Respondent does not hold any securities licenses, and has never been registered with the Commission as a broker-dealer nor been an associated person of a registered broker-dealer.

OTHER RELEVANT PERSONS

2. Etek Investment Management, Inc. was formed in 2008 and is a New Jersey corporation with its principal place of business in New Jersey. Etek has never been registered with the Commission as a broker-dealer.

3. Global Fixed Income, LLC is a Delaware corporation with its principal place of business in Lake Bluff, Illinois. GFI primarily buys and sells fixed income securities for its own account. GFI has never been registered with the Commission as a broker-dealer.

4. Charles Perlitz Kempf, age 46, has residences in Lake Forest, Illinois and England. Kempf is GFI’s sole owner, chief executive officer and president. Kempf directs GFI’s business operations. Kempf held a Series 7 securities license and has not been associated with a registered broker-dealer since 2007.

FACTS

5. In 2008, Boyle met with Kempf about purchasing securities on behalf of GFI. During a meeting in 2008, Kempf provided Boyle with a PowerPoint presentation to market GFI. This presentation described GFI’s history, business, investment strategy and profitability. Subsequently, Boyle and two other persons formed Etek to trade securities on behalf of GFI.

6. In June 2008, Etek and GFI executed a Profit Splitting Agreement and Guarantee of Payment Agreement. Under the Profit Splitting Agreement, Etek and GFI split the trading profits 20/80, respectively. Under the Guarantee of Payment Agreement, GFI agreed to pay for all securities.

7. After the Profit Splitting Agreement and Guarantee of Payment Agreement were executed, GFI generally directed Etek’s trading activity related to the New Issues. For example,

GFI often directed Boyle, on Etek's behalf, to open brokerage accounts at specific underwriters. Boyle opened delivery versus payment ("DVP") accounts at the underwriters on Etek's behalf. A DVP account requires payment when the securities are delivered, meaning that the account maintains no cash or other securities unlike a traditional brokerage account. At trade settlement, GFI directed its clearing firm to transfer money to pay for Etek's trade. After settlement, Etek, at GFI's direction, instructed the underwriter to immediately transfer the securities to GFI's account at GFI's clearing firm. Shortly thereafter, GFI sold the securities.

8. Between July 1, 2009 and June 30, 2012, Etek purchased approximately \$94 million in New Issues in 62 transactions and approximately \$181 million in Secondary Trades in 93 transactions. In connection with these purchases, between 2009 and 2012, GFI paid Etek approximately \$447,475.64 in transaction based-compensation under the Profit Splitting Agreement.

9. As demonstrated by the conduct described above, Boyle, on behalf of Etek, regularly participated in securities transactions for GFI and received transaction-based compensation from GFI for this activity. However, Boyle was not registered as a broker-dealer with the Commission while engaged in this activity.

10. As a result of the conduct described above, Boyle committed violations of Section 15(a)(1) of the Exchange Act, which makes it unlawful for any broker or dealer to use the mails or any other means of interstate commerce to "effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security" unless that broker or dealer is registered with the Commission in accordance with Section 15(b) of the Exchange Act.

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.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Respondent Boyle cease and desist from committing or causing any violations and any future violations of Section 15(a)(1) of the Exchange Act.

B. Within ten days of the entry of this Order, Respondent Boyle shall pay \$111,868.91 in disgorgement less any amount paid, by that date, by or on behalf of Etek, in satisfaction of Etek's obligation to pay disgorgement in the same amount.

If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. 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 Respondent Boyle 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 Ms. Lorraine B. Echavarria, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 444 Flower Street, Ste. 900, Los Angeles, CA 90071.

C. Respondent Boyle shall pay a \$5,000 civil money penalty to the Securities and Exchange Commission. Payment shall be made in the following 12 installments by Respondent for a total of \$5,000: (1) within 10 days after the entry of this Order, Respondent shall pay \$417; (2) on the first day of the following 10 months after the entry of this Order, Respondent shall pay \$417; and (3) on the first day of the 11th month following the entry of this Order, Respondent shall make a final payment of \$413.

If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. 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:

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Payments by check or money order must be accompanied by a cover letter identifying Respondent Boyle 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 Ms. Lorraine B. Echavarria, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 444 Flower Street, Ste. 900, Los Angeles, CA 90071.

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.

Brent J. Fields
Secretary