

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 81458 / August 22, 2017

INVESTMENT ADVISERS ACT OF 1940
Release No. 4752 / August 22, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-18126

In the Matter of

GERARDO E. REYES,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940
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”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Gerardo E. Reyes (“Respondent” or “Reyes”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Reyes, age 54, is a resident of Sunrise, Florida. Reyes was a registered representative, associated with Allstate Financial Services, LLC (“Allstate”) from August 1999 through April 2011 and with New England Securities (“New England”) from April 2011 through October 2012. Both Allstate and New England were broker-dealers registered with the Commission. New England was also registered as an investment adviser with the Commission.

Additionally, Reyes was the owner of Gerardo E. Reyes & Associates Inc., a non-registered business that purported to offer investment services.

B. RESPONDENT'S CRIMINAL CONVICTION

2. On March 29, 2017, Reyes pled guilty to two counts of wire fraud in violation of Title 18, United States Code, Section 1343, before the United States District Court for the Southern District of Florida. *United States v. Gerardo Reyes*, Case No. 1:16-CR-20963-MGC-1 (S.D. Fla.). On June 27, 2017, a judgment in the criminal case was entered against Reyes. He was sentenced to probation for a term of 4 years and ordered to make restitution in the amount of \$129,273.00.

3. In connection with that plea, Reyes admitted that in 2008, Reyes convinced an investor to shift her real estate investments to United States Treasury Bonds and falsely confirmed to her that the investment in Treasury Bonds had been made.. However, Reyes never purchased the Treasury Bonds. In November 2011, the victim requested early distribution of her funds, and Reyes provided her with false paperwork showing that the request had been approved. To further the fraud, in June 2012, Reyes sent the victim \$7,163.52, purportedly as part of the early distribution she had requested. Reyes admitted that he provided fraudulent documentation to the victim to cover up the fact that her money had been lost as a result of bad investments.

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;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b)(6) of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act; and

D. Whether, pursuant to Section 15(b)(6) of the Exchange Act, it is appropriate and in the public interest to suspend or bar Respondent from participating in any offering of penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock; or inducing or attempting to induce the purchase or sale of any penny stock.

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 as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2), the Administrative Law Judge shall issue an initial decision no later than 75 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

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.

By the Commission.

Brent J. Fields
Secretary