

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 54669 / October 30, 2006**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12467**

**In the Matter of**  
  
**GREGORY A. APPELEGATE,**  
  
**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 15(b) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934,**  
**MAKING FINDINGS, AND IMPOSING**  
**REMEDIAL SANCTIONS**

**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 Gregory A. Applegate (“Gregory Applegate” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“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, and the findings contained in Sections III.1, 4, and 5. below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Gregory A. Applegate ("Applegate") was a registered representative associated with Tempo Securities, a broker-dealer, from April 1994 through December 2004, and with Regis Securities, also a broker-dealer, from January 2005 until August 2005.

2. On October 7, 2005, the Commission filed a complaint in the Northern District of Ohio, in SEC v. Gregory Applegate, No. 1:05CV2363, alleging that from about 2001 through August 2005, Applegate solicited at least 140 investors to invest at least \$5.8 million in a supposed "hedge fund." Applegate guaranteed an annual rate of return to these investors and promised to make up any losses out of his own pocket.

3. The complaint also alleged that in reality, Applegate's hedge fund was a Ponzi scheme: Applegate misappropriated investor funds, using them to finance an unrelated personal business, pay personal expenses, and reimburse or pay "investment returns" to earlier investors. To perpetrate this Ponzi scheme, Applegate provided investors with false monthly client statements reflecting securities holdings and returns that did not exist and monthly "dividend checks."

4. On January 9, 2006, in the case of U.S. v. Gregory Applegate, No. 1:05-cr-00577-PAG in the Northern District of Ohio, Applegate plead guilty to mail fraud, Title 18, U.S. Code, Section 1341, for conduct related to that alleged in the Commission's Complaint. On April 26, 2006, U.S. District Judge Patricia A. Gaughan sentenced Applegate to 5 years in prison.

5. On October 17, 2006, in the Commission's case, U.S. District Judge Daniel Polster for the Northern District of Ohio entered a Final Judgment and Order of Permanent Injunction against Applegate, pursuant to his consent and without Applegate admitting or denying the allegations in the Commission's Complaint, except as to personal and subject matter jurisdiction which he admitted, enjoining Applegate from violating Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

### 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:

Pursuant to Section 15(b)(6) of the Exchange Act that Gregory Applegate, be, and hereby is barred from association with any broker or dealer.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any

disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Nancy M. Morris  
Secretary