

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 58356 / August 13, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13130**

<b>In the Matter of</b>	:	
	:	<b>ORDER INSTITUTING</b>
	:	<b>ADMINISTRATIVE PROCEEDINGS</b>
<b>Christopher L. Martin,</b>	:	<b>PURSUANT TO RULE 102(e) OF THE</b>
	:	<b>COMMISSION'S RULES OF</b>
<b>Respondent.</b>	:	<b>PRACTICE, MAKING FINDINGS, AND</b>
	:	<b>IMPOSING REMEDIAL SANCTIONS</b>
	:	

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Christopher L. Martin (“Martin” or “Respondent”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.<sup>1</sup>

**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, and the findings contained in Section III.3 below,

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<sup>1</sup> Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . attorney . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, 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. Martin, age 41, is and has been an attorney licensed to practice in the State of Texas. He served as general counsel to HCC Insurance Holdings, Inc. between July 1997 and November 2006, when he resigned. While general counsel, Martin reviewed and signed proxy statements, and reviewed registration statements and periodic reports filed with the Commission and disseminated to investors.

2. HCC Insurance Holdings, Inc. ("HCC") was, at all relevant times, a Delaware corporation with its principal place of business in Houston, Texas. HCC provides insurance coverage and related services to commercial customers and individuals. At all relevant times, HCC's common stock was registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and traded on the New York Stock Exchange.

3. On July 21, 2008, the Commission filed a complaint against Martin in SEC v. Christopher L. Martin, (Civil Action No. 4:08-cv-02270), in the United States District Court for the Southern District of Texas. On July 22, 2008, the court entered an order permanently enjoining Martin, by consent, from future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 ("Securities Act"), Sections 13(b)(5) and 16(a) of the Exchange Act, and Exchange Act Rules 13b2-1, 13b2-2, and 16a-3, and aiding and abetting violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B), and 14(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, 13a-13, 14a-3, and 14a-9 thereunder. Martin was ordered to pay a \$50,000 civil money penalty.

4. The Commission's complaint alleged, among other things, that Martin facilitated a scheme to backdate stock-option grants at HCC. Between 1997 and 2005, Martin prepared documents indicating that HCC's option grants had been made on earlier dates when HCC's stock price had closed lower, whereas in fact no such grants had been made on those dates. These inaccurate and misleading documents included written actions of the compensation committee and option agreements. In part due to Martin's conduct, between 1997 and 2005 HCC (i) filed materially false and misleading financial statements that materially understated its compensation expenses and materially overstated its annual net income and earnings per share, and (ii) made disclosures in its periodic filings and proxy statements that falsely portrayed HCC's options as having been granted at exercise prices equal to the fair market value of HCC's common stock on the date of the grant. HCC also provided materially misleading statements to its auditors, as a consequence of Martin's preparing documents bearing inaccurate grant dates.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Martin's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Martin is suspended from appearing or practicing before the Commission as an attorney for two years from the date of the entry of this Order.

B. Before appearing and resuming practice before the Commission, Martin will submit an affidavit to the Commission's Office of the General Counsel truthfully stating, under penalty of perjury, that he has complied with the Commission's orders, that he is not subject to any suspension or disbarment as an attorney by a court of the United States or of any state, territory, district, commonwealth, or possession, and that he has not been convicted of a felony or misdemeanor involving moral turpitude as set forth in Rule 102(e)(2) of the Commission's Rules of Practice.

By the Commission.

Florence E. Harmon  
Acting Secretary