

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3080 / September 8, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-14039

In the Matter of

**GREGORY VINCENT
CRONIN,**

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Gregory Vincent Cronin (“Cronin” 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, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, 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. Cronin, an investment adviser, was the founder, principal, and sole employee of Innovative Investment Advisors, Inc. ("IIA"), an investment adviser formerly registered with the Commonwealth of Virginia. Cronin, 49 years old, is a resident of Lovettsville, Virginia.

2. On May 7, 2010, Cronin pled guilty to one count of mail fraud in violation of Title 18 United States Code, Section 1341 and one count of securities fraud in violation of Title 18 United States Code, Section 1348 before the United States District Court for the Eastern District of Virginia, in *United States v. Gregory Vincent Cronin*, Crim. Information No. 1:10 CR 154 (LOG) (May 7, 2010).

3. The counts of the criminal information to which Cronin pled guilty alleged, *inter alia*, that from approximately 2002 through September 2009, Cronin sought clients by falsely claiming that he would establish individual accounts for them at IIA and would invest their funds in well-known publicly traded companies and stock index options. In exchange for managing their funds, Cronin would receive management fees of up to 1.5% of assets under management. Cronin sent clients fictitious periodic reports which purported to show that each client had an individual account; IIA had purchased and/or sold shares of stock of well-known public companies on their behalf; IIA was actively trading in stock index options on their behalf; and IIA's trading was successful. In reality, Cronin did not purchase shares of stock of well-known companies or generate positive returns trading in options as represented. Instead, he lost a majority of the clients' funds trading in options and repaying earlier clients. In addition, Cronin did not establish individual accounts for clients but instead pooled funds in one account in the name of IIA which he controlled. In total, Cronin raised approximately \$10 million and caused losses of approximately \$6.7 million. As part of his plea, Cronin agreed to pay restitution for the full amount of the victims' losses.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Cronin be, and hereby is barred from association with any investment adviser.

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.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions ("Order"), on the Respondent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
Chief Administrative Law Judge
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