

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 68586 / January 4, 2013**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3531 / January 4, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15162**

<b>In the Matter of</b>	<b>:</b>	<b>ORDER INSTITUTING ADMINISTRATIVE</b>
<b>Gary J. Martel,</b>	<b>:</b>	<b>PROCEEDINGS PURSUANT TO</b>
<b>Respondent.</b>	<b>:</b>	<b>SECTION 15(b) OF THE SECURITIES</b>
	<b>:</b>	<b>EXCHANGE ACT OF 1934 AND SECTION</b>
	<b>:</b>	<b>203(f) OF THE INVESTMENT ADVISERS</b>
	<b>:</b>	<b>ACT OF 1940 AND NOTICE OF HEARING</b>
	<b>:</b>	
	<b>:</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 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 Gary J. Martel (“Martel” or “Respondent”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. From August 2004 through May 2012, Martel held himself out as an investment adviser, providing financial planning and securities investment advice to clients. For most, or all, of that period Martel conducted his investment advisory activities as “Martel Financial Group” and “MFG Funding.” Martel had less than \$25 million in assets under management and was not registered with the Commission as an investment adviser. From 2004 through 2009, Martel was a registered representative associated with two successive broker-dealers registered with the Commission.

## **B. ENTRY OF A CRIMINAL CONVICTION**

2. On June 19, 2012, the Commission filed an emergency civil injunctive action against Martel charging him with violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and Sections 206(1) and (2) of the Advisers Act [15 U.S.C. § 80b-6(1), (2)]. Securities and Exchange Commission v. Gary J. Martel D/B/A Martel Financial Group and MFG Funding, Case No. 1:12-cv-11095-FDS (D. Mass.). The Commission’s Complaint alleges that Martel fraudulently obtained more than \$1.6 million in funds from his advisory clients by misrepresenting to them that he would invest their funds in bonds, mortgage-related securities, a cash reserve account, and stock offered by Facebook in an initial public offering. The Complaint further alleges that Martel did not make any investments on behalf of his clients, that the bonds and investment pools offered and sold by Martel were fictitious, and that he used funds he received from investors to make payments to earlier investors. A default was entered against Martel on November 20, 2012, for his failure to plead or otherwise defend in the Commission’s action, which remains pending.

3. On December 12, 2012, Martel pled guilty to wire and mail fraud in violation of Title 18 of the United States Code, Sections 1341 and 1343 before the United States District Court for the District of Massachusetts. U.S. v. Gary J. Martel, Case No. 1:12-cr-10345-FDS. The criminal information filed against Martel alleges that, from 2004 to 2012, Martel defrauded his investment advisory clients by diverting the funds that he received from them for investments for his own personal use rather than investing the funds as he represented to them he would.

## **III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it appropriate and 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) of the Exchange Act; and

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

## **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 personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

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.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary