

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3649 / August 15, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15424

In the Matter of

KARL MOTEY,

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 Karl Motey (“Motey” 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, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and 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. Motey, age 48, is a resident of Los Altos, California. From 2006 through 2009, Motey was the owner and operator of Coda Group, Inc., ("Coda") an equity research firm located in Los Altos, California. Coda was an unregistered investment adviser that provided equity research and analysis to its hedge fund adviser clients.

2. On December 14, 2010, Motey pled guilty to one count of securities fraud and one count of conspiracy to commit securities fraud in violation of Title 18 United States Code, Sections 2 and 371, and Title 15 United States Code, Sections 78j(b) and 78ff, before the United States District Court for the Southern District of New York in United States v. Karl Motey, 10 CR 1249. On February 4, 2013, a judgment in the criminal case was entered against Motey. He was sentenced to one year of supervised release, and ordered to pay criminal forfeiture of \$40,000.

3. The counts of the criminal information to which Motey pled guilty alleged, inter alia, that in 2007 through 2009, Motey, and others, participated in a scheme to defraud by executing securities trades based on material, nonpublic information regarding quarterly earnings and other market-moving information that had been misappropriated in violation of duties of trust and confidence. The information alleged that in 2007 through 2009, Motey obtained material, nonpublic information regarding Marvell Technology Group Ltd from a company employee, and tipped the information to individuals who executed securities transactions based, in part, on that information.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Motey be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

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