

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9671 / October 28, 2014

SECURITIES EXCHANGE ACT OF 1934
Release No. 73447 / October 28, 2014

INVESTMENT ADVISERS ACT OF 1940
Release No. 3959 / October 28, 2014

INVESTMENT COMPANY ACT OF 1940
Release No. 31320 / October 28, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16218

In the Matter of

ELI D. OKMAN,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTION 15(b)(6) OF THE SECURITIES EXCHANGE ACT OF 1934, SECTION 203(f) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Eli D. Okman (“Okman” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Okman 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, which are admitted, Okman consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 203(f) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

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

Summary

These proceedings involve churning violations by Okman, a recently-retired registered representative with Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"). Between January 2010 and September 2011, Okman churned the account of an elderly customer ("Customer") in violation of Section 17(a) of the Securities Act.

Respondent

1. Okman was employed by and registered with Merrill Lynch from 1972 through 2013. Okman worked at all relevant times at Merrill Lynch's branch office in Northbrook, Illinois. Okman, age 67, resides in Highland Park, Illinois.

Relevant Entity And Person

2. Merrill Lynch is a broker-dealer and investment adviser registered with the Commission pursuant to Section 15(b) of the Exchange Act and Section 203 of the Advisers Act. Merrill Lynch engages in a nationwide securities business.

3. Customer was an approximately 70 year old retiree with little investment experience. Customer inherited an account with Merrill Lynch valued at approximately \$430,000 upon her father's death in April 2009. The Merrill Lynch account represented the majority of Customer's net worth.

Churning

4. Between January 2010 and September 2011, Okman churned Customer's account by engaging in excessive trading in disregard for her investment objectives.

5. Okman exercised *de facto* control over Customer's account. Customer was financially unsophisticated, trusted her broker, relied upon his recommendations and conducted little, if any, independent investment research.

6. Turnover ratio is the total purchases divided by the average account equity further divided by the number of years. The annualized turnover ratio in Customer's account was 6.1.

7. Cost-to-equity ratio is the total trading costs divided by the average account equity further divided by the number of years. The annualized cost-to-equity ratio in Customer's account was 15.65%.

8. A significant portion of the excessive trading involved the sale of one exchange traded fund coupled with the purchase of another.

9. Okman's misconduct generated commissions and fees of \$110,085. Okman's personal profits were approximately \$31,964.

10. As a result of the conduct described above, Okman willfully violated Section 17(a) of the Securities Act.

IV.

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

Accordingly, pursuant to Section 8A of the Securities Act, Section 15(b)(6) of the Exchange Act, Section 203(f) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Okman cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act.

B. Okman be and hereby is:

suspended from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter;

For a period of twelve (12) months, effective on the second Monday following the entry of this Order.

C. Okman shall, within ten (10) days of the entry of this Order, pay disgorgement of \$31,964 and prejudgment interest of \$2,910 and a civil money penalty in the amount of \$31,964 to and for the benefit of Customer pursuant to the Fair Funds provisions of Section 308(a) of the

Sarbanes-Oxley Act of 2002. Payment must be accompanied by a cover letter identifying Okman as a Respondent in these proceedings and the file number of these proceedings. A copy of the cover letter and check or money order must be sent to Reid A. Muoio, Deputy Director, Complex Financial Instruments Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

D. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, interest and penalties referenced in paragraphs D above. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Okman agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Okman's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Okman agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Okman by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Brent J. Fields
Secretary