

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3834 / May 9, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15868

In the Matter of

MARK F. SPANGLER,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940
AND NOTICE OF HEARING

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 Mark F. Spangler (“Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Spangler was the president of The Spangler Group, Inc., an investment adviser registered with the Commission since 1990. At all times relevant, Spangler regularly provided clients with investment advice and managed private funds. Spangler, 58 years old, is a resident of Seattle, Washington.

B. RESPONDENT’S CRIMINAL CONVICTION

2. The United States Department of Justice, through the Office of the United States Attorney for the Western District of Washington, filed an indictment against Spangler in a

matter captioned United States v. Mark F. Spangler, Case No. 12-cr-133-RSM (W.D. Wash.). The indictment alleged that:

- (a) Spangler was an investment adviser as defined by the Advisers Act and was therefore a fiduciary required to act in good faith and in the best interests of his clients;
- (b) Spangler falsely represented to investors and his advisory clients that substantially all of their investments that he managed on their behalf were placed in investment funds that invested in securities traded on public markets;
- (c) Spangler provided investors with false account statements that supported his representations that their funds were substantially invested in investment funds that invested in securities that traded on public markets and that their investments were generating a reasonable rate of return; and
- (d) Spangler, between 2003 and 2011, fraudulently concealed the fact that he diverted more than \$46 million of investor funds to two privately-held companies that he managed.

3. On November 7, 2013, a jury found Spangler guilty on 32 counts of wire fraud [18 U.S.C. § 1343], money laundering [18 U.S.C. § 1957], and Investment Advisor Fraud in violation of Section 206 of the Advisers Act [15 U.S.C. § 80b-6]. The Court subsequently entered judgment against Spangler on March 13, 2014, ordering him, among other things, to pay \$19,881,461 in restitution to his victims and imposing a prison sentence of 192 months in custody.

III.

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

B. 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.

Jill M. Peterson
Assistant Secretary