

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3967 / November 13, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16274

In the Matter of

GREGORY VIOLA,

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 Gregory Viola (“Respondent” or “Viola”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From at least approximately 1999 to July 2011, Viola, age 62, worked as a tax return preparer and conducted an investment business out of his home in Orange, Connecticut. He never registered with the State of Connecticut as an investment adviser and has never been registered with the Commission as an investment adviser or in any other capacity. From at least 2007 through July 2011, Viola acted as an unregistered investment adviser in connection with his investment business.

B. RESPONDENT’S CRIMINAL CONVICTION

2. On February 1, 2012, Viola pleaded guilty to two counts of mail fraud in violation of Title 18 United States Code, Section 1341 before the United States District Court for

the District of Connecticut, United States v. Gregory Viola, Case No. 12-CV-10873-DJC. On October 5, 2012, he was sentenced to 100 months of imprisonment, followed by three years of supervised release, and was ordered to pay restitution in the amount of \$6,872,633.97.

3. The counts of the criminal information to which Viola pleaded guilty alleged, inter alia, that: From approximately 2007 through July, 2011, Viola, while conducting an investment business, knowingly and willfully devised a fraudulent scheme and artifice whereby he obtained funds from investors by means of materially false and fraudulent pretenses, representations and promises that included telling investors he would invest their funds and help generate significant returns on their investments, and, in some cases, promising that he would also provide dividend or interest payments. Viola did not invest or maintain investor funds as he represented and commingled them with funds in his own personal bank accounts and used them to pay personal expenses. In an effort to keep the fraudulent scheme going, Viola also routinely used new investors' fund to pay dividends and redemptions to earlier investors. Viola created, and used the United States mails to transmit, fraudulent account statements that falsely portrayed the value of investment accounts and charged investors fees based on those inflated principal balances. When pleading guilty to mail fraud before the Court on February 1, 2012, Viola admitted he told investors he would manage their funds entrusted to him, charged them asset-based fees, and gave them false brokerage account statements showing their funds invested in stocks.

4. Viola's conviction for mail fraud was for a felony or misdemeanor involving (i) the purchase or sale of a security and (ii) the theft or misappropriation of funds or securities. His misconduct occurred while he was, for compensation, engaged in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities.

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 as provided for in the Commission's Rules of Practice.

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.

By the Commission.

Brent J. Fields
Secretary