

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 74070 / January 15, 2015**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3998 / January 15, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16343**

**In the Matter of**  
  
**BILL C. (BILLY) CRAFTON, JR.,**  
  
**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 15(b) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**  
**AND 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 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 Bill C. (Billy) Crafton, Jr. (“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 prior to a hearing pursuant to the Commission’s Rules of Practice, 17 C.F.R. § 201.100 *et seq.*, 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 15(b) of the Securities

Exchange Act of 1934 and 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. Crafton, age 38 and a resident of San Diego, California, was from June 2006 through at least September 2010 associated with investment advisers registered with the Commission, including Martin Kelly Capital Management LLC, for which he served as Chief Executive Officer and was the sole owner. For compensation, Crafton personally provided investment and financial advice to high net worth individuals, primarily professional athletes, throughout as well as after the aforementioned period.

2. On December 16, 2014, a final judgment was entered by consent against Crafton, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1)-(3) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Bill C. (Billy) Crafton, Jr., Civil Action Number 3:14-cv-02916-DMS-JLB in the United States District Court for the Southern District of California (“SEC v. Crafton”).

3. On November 5, 2014, Crafton entered a plea of guilty to one count of conspiracy to commit wire fraud (18 U.S.C. § 1343) in violation of 18 U.S.C. § 1349, in the United States District Court for the Southern District of California in the action styled United States v. Bill Crafton, Case No. 3:14-cr-02981-BTM. In connection with that plea, Crafton admitted the facts set forth in the factual basis portion of his Plea Agreement.

4. The Commission’s complaint alleged, among other things, that, between 2006 and at least 2011, and while serving as an investment adviser, Crafton received undisclosed compensation totaling in excess of \$1.5 million in connection with investments, as well as mortgage and life insurance products, that he recommended to his investment advisory clients; that this compensation included more than \$300,000 in brokerage commissions; and that, in addition, in June 2010, while acting as an investment adviser and while associated with a registered investment adviser, Crafton misappropriated a total of \$700,000 from two of his clients and used the funds to redeem, and assign to them, a third client’s investment in a private fund that—only days prior to the misappropriation, and as Crafton well knew—had been the subject of an emergency action filed by the Commission, in which a freeze of the fund’s assets had been obtained based on allegations it was being operated as a Ponzi-like scheme.

#### IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act that Respondent 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.

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent be, and hereby is, barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

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.

Brent J. Fields  
Secretary