

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 78322 / July 14, 2016

INVESTMENT ADVISERS ACT OF 1940
Release No. 4451 / July 14, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17341

In the Matter of

GAVIN L. HAMELS,

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 Gavin L. Hamels (“Hamels” 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 admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Sections III.3 and III.4. below, and consents 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. From January 2010 until September 2010, Hamels was employed as a Client Advisor by "Bank 1" -- a dually registered broker-dealer and investment adviser subsidiary of a larger financial institution. During the relevant period of his association with Bank 1, Hamels was engaged in the business of managing client assets, including advising his clients as to the prudence of investing in certain registered and unregistered securities, and received compensation for those services. Hamels was registered as a broker-dealer representative with Westmoore Securities, Inc. from August 2007 until January 2009, and C.E. Unterberg, Towbin, LLC from October 2003 until February 2007. Hamels, 39 years old, is a resident of Encinitas, CA.

2. The Commission filed a complaint against Hamels in the civil action entitled SEC v. Jason Galanis, et al., No. 15 Civ. 7547 (VSB) in the United States District Court for the Southern District of New York, alleging violations of Sections 9(a)(1) and 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act. The Commission's complaint alleged that, in connection with his position as a Client Advisor, Hamels, along with others, engaged in a fraudulent scheme to engage in manipulative trading with respect to the publicly traded common stock of Gerova Financial Group, Ltd. ("Gerova"), a company with securities that traded on the American Stock Exchange and the New York Stock Exchange. The complaint alleges that Hamels agreed to purchase approximately \$5 million worth of Gerova stock in client accounts in exchange for accepting undisclosed consideration from Jason Galanis and his associates, and that on several dates between July and September 2010, Hamels placed buy orders for Gerova stock on behalf of client accounts with knowledge that an individual was simultaneously placing sell orders for substantially the same amount of Gerova stock at substantially the same prices. Hamels further understood that he was asked to purchase Gerova stock because Jason Galanis and, his brother, Jared Galanis wanted to create the appearance of liquidity in the market for Gerova's stock. The complaint further alleges that Hamels failed to disclose to his clients that the purchases were made pursuant to an agreement he had reached with Jason Galanis for the benefit of clients who suffered a loss (or at least a loss of liquidity) as a result of investments in certain funds operated under the brand name "Westmoore."

3. On March 22, 2016, Hamels pled guilty to a criminal indictment in United States v. Jason Galanis, et al., 15 Cr. 643 (PKC) (S.D.N.Y.) that charged him with one count of conspiracy to commit securities fraud, in violation of 18 U.S.C. § 371; one count of securities fraud, in violation of 15 U.S.C. § 78j (b) & 78ff, 17 C.F.R. § 240.10b-5, and 18 U.S.C. § 2; and one count of investment adviser fraud, in violation of 15 U.S.C. §§ 80b-6 and 80b-17, and 18 U.S.C. § 2. His sentencing is scheduled for January 6, 2017.

4. In connection with that plea, Respondent admitted that:

(a) In 2010, Hamels was working as an investment adviser at Bank 1. After an investment owned by some of his Bank 1 clients in a fund became illiquid, he agreed with others to engage in a transaction in order to distract clients from possible losses in the illiquid fund and prevent client departures;

(b) Hamels agreed to purchase Gerova securities on behalf of his clients in exchange for other stock that was provided to clients and that might have long-term value and might offer liquidity for his clients; and

(c) Hamels then purchased Gerova securities on behalf of his clients in a coordinated fashion with others. He understood that by coordinating these trades with others, it had the effect of creating an artificial and misleading perception of market activity in Gerova, and in particular, that it boosted the appearance of trading volume and liquidity in Gerova. Also, Hamels understood that he was misleading his clients by not telling them about his agreement with others to buy Gerova securities and his coordinated trading.

IV.

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

Pursuant to Section 15(b)(6) of the Exchange Act Respondent Hamels 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.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary