

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 4663 / March 13, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17876

In the Matter of

Michael J. Breton,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Michael J. Breton (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (“Offer”) that 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 paragraph III.2. below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to 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. Breton founded Strategic Capital Management, LLC (“SCM”) in 1999. From approximately 1999 through 2016, Breton was the Managing Partner of SCM and served as SCM’s Chief Compliance Officer. Breton is also a Certified Public Accountant and a Certified Financial Planner. Breton, through SCM and for compensation in the form of fees, advised SCM’s clients as to the value of securities to the advisability of investing in, purchasing, or selling securities. Breton is SCM’s sole employee.

2. On February 17, 2017, a final judgment was entered by consent against Breton, permanently enjoining him from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Strategic Capital Management, LLC and Michael J. Breton, Civil Action Number 17-10125-MLW, in the United States District Court for the District of Massachusetts.

3. The Commission’s complaint alleged that, from at least January 2010 through March 2016, Breton defrauded at least 30 of SCM’s clients by allocating profitable trades to his own accounts and unprofitable trades to SCM’s clients. During that period of time, Breton placed over one-hundred million dollars in securities trades through SCM. At the time that Breton entered the orders for these trades, Breton typically did not designate whether the trades would be allocated to accounts held by SCM’s clients or to Breton’s personal accounts (“Breton Accounts”). Instead, Breton often waited to allocate the trades until after he had some information about whether or not the trades would likely be profitable. Breton used this information to his advantage and cherry picked profitable trades for the Breton Accounts. In doing so, Breton misled SCM’s clients and breached the fiduciary duty they owed to each client.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers, that Respondent Breton 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.

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