

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 90053 / September 30, 2020

INVESTMENT ADVISERS ACT OF 1940
Release No. 5600 / September 30, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-20110

In the Matter of

GERALD ALLAN EATON,

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 Gerald Allan Eaton (“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 paragraph III.2 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. Eaton, 51 years old, is a resident of Acton, Massachusetts. From March 1995 to October 2019, Eaton was an associated person of Commonwealth Financial Network, a broker-dealer and investment adviser registered with the Commission. From June 1991 to February 1995, Eaton was an associated person of two other broker-dealers registered with the Commission. From January 1996 to October 2019, during Eaton’s association with Commonwealth Financial Network, Eaton was also a certified financial planner and insurance agent doing business under the name Heritage Financial Group, a firm owned by Eaton, who was also its Chief Executive Officer.

2. On September 30, 2020, Eaton pled guilty to one count of wire fraud in violation of Title 18 United States Code, Section 1343, one count of mail fraud in violation of Title 18 United States code, Section 1341, and one count of aggravated identity theft in violation of Title 18 United States Code, Section 1028A before the United States District Court for the District of Massachusetts, in United States v. Eaton, Crim. Information No. 1:20-cr-10173-DPW (D. Mass., filed September 1, 2020) (the “Criminal Action”).

3. In connection with that plea, Respondent admitted, inter alia, that:

- (a) Beginning on a date unknown, but no later than in or around August 1999, and continuing through at least in or around October 2019, Eaton engaged in a scheme and artifice to obtain money and property from investment accounts and insurance policies that he controlled and managed on behalf of his clients;
- (b) In furtherance of this scheme, Eaton converted to his own personal use more than \$3.7 million from accounts of at least fifteen clients;
- (c) As part of his scheme, Eaton forged client signatures on checks and other documents to enable him to misappropriate their funds;
- (d) As part of the scheme, and to avoid detection, Eaton often misappropriated funds in accounts of clients who were elderly, and/or in poor physical or mental health; and
- (e) By this scheme and artifice to defraud, Eaton obtained more than \$3.7 million from clients. Eaton used the proceeds of his scheme to pay his personal credit card bills and his home equity line of credit, among other things.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Eaton'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 Eaton 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 Eaton 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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) 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.

Vanessa A. Countryman
Secretary