

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**August 6, 2008**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-13121**

**In the Matter of**

**MARTIN A. ARMSTRONG,**

**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 Martin A. Armstrong (“Respondent” or “Armstrong”).

**II.**

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Armstrong was the founder, chairman and controlling officer of Princeton Economics International Ltd. and controlled all of Princeton Economics’ subsidiaries, through his ownership of Princeton Economics. Armstrong claimed to be a top economist, market expert, and commodities trader and has been referred to in a news article as “the biggest individual silver trader on the New York Mercantile Exchange.” From at least 1996 through 1999, Armstrong acted as an investment adviser without registering with the Commission. Armstrong, 58 years old, is incarcerated at the Federal Correctional Institution in Fort Dix, New Jersey.

B. ENTRY OF THE INJUNCTION/RESPONDENT'S CRIMINAL CONVICTION

1. On July 22, 2008, a Final Consent Judgment as to Martin A. Armstrong was entered against Armstrong, permanently enjoining him from future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Martin A. Armstrong, et al., Civil Action Number 99 Civ. 9667, in the United States District Court for the Southern District of New York.

2. The Commission's complaint alleged that Armstrong, together with the entities he controlled, perpetrated a massive fraud by raising millions of dollars by fraudulently offering and selling promissory notes issued by subsidiaries of the entities he controlled to Japanese corporations. In offering and selling those notes, Armstrong represented that the issuers would deposit the proceeds of the note sales into segregated accounts, and use those proceeds to purchase conservative investments, such as securities issued by the United States Treasury. However, Armstrong lost hundreds of millions of dollars through risky currency and commodities trading, commingled investor funds, used investor funds to conceal trading losses, and arranged for the mailing of letters that materially overstated the net asset value of the accounts purportedly underlying investors' notes.

3. On January 7, 2000, the district court issued an order requiring Armstrong to turnover certain enumerated items, including rare coins, gold bullion bars and coins and various antiquities, to the court appointed Receiver. Armstrong failed to comply with the order, and accordingly the district court found him in contempt on January 14, 2000 and ordered him confined to coerce compliance with the turnover order. The turnover order was affirmed by the Second Circuit on November 27, 2006, Armstrong v. Guccione, 470 F.3d 89 (2d Cir. 2006). Armstrong never complied and on April 27, 2007, the district court determined that the turnover order no longer had coercive effect.

4. On August 17, 2006, Armstrong pled guilty to one count of conspiracy to commit securities fraud, wire fraud and commodities fraud in violation of 18 U.S.C. Section 371 before the United States District Court for the Southern District of New York, in United States v. Martin A. Armstrong, 99 CR 00997. On April 10, 2007, Armstrong was sentenced to serve 60 months in federal prison and ordered to pay restitution of \$80,000,001.

5. The count of the indictment to which Armstrong pled guilty alleged, inter alia, that Armstrong defrauded investors and obtained money and property by means of materially false and misleading statements, that he used the United States mails to send false account statements, and that he caused commercial interstate carriers to deliver investors' checks to him.

**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 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 personally or by certified mail.

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.

Florence E. Harmon  
Acting Secretary