

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 2570 / November 30, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12490

In the Matter of

KELSEY L. GARMAN,

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 Kelsey L. Garman ("Garman" 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, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent 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. Garman controlled and directed the activities of four funds that pooled the money of unsophisticated individual investors. Garman was the general and managing partner of three funds, Koinonia 100/200, Koinonia Investment Club, II and the Koinonia Kingdom Club and Garman served as the sole nominee trader for another group of investors doing business as the Koinonia Income Account (collectively "The Koinonia Funds or Funds"). Garman represented to investors in the Koinonia Funds that those

funds were earning substantial profits when in fact the Funds had generally sustained trading losses. Garman permitted investors to withdraw funds as though they had in fact made trading profits as previously represented to them by Garman. From 1994 to early 2004 Garman received at least \$457,000 of fees from managing and trading the Koinonia Funds for investors and was an investment adviser to the Funds. Garman, age 71, is a resident of Springfield, Missouri.

2. On November 8, 2006, a final judgment was entered by consent against Garman, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), 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. Kelsey L. Garman et al., Civil Action Number 04-WM-0354 (BNB), in the United States District Court for the District of Colorado.

3. The Commission's complaint alleged that, in connection with the sale of interests in the Funds that Garman falsely claimed that the funds had been profitable, when in fact they had sustained trading losses in violation of the anti-fraud provisions of the federal securities laws. The complaint also alleged that Garman offered and sold unregistered securities.

IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, that Respondent Garman be, and hereby is barred from association with any investment adviser.

By the Commission.

Nancy M. Morris
Secretary