

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 54647/October 24, 2006

INVESTMENT ADVISERS ACT OF 1940
Release No. 2563/October 24, 2006

ADMINISTRATIVE PROCEEDING
File No. 3-12352

In the Matter of	:	
	:	ORDER MAKING FINDINGS
STEVEN A. GILMAN,	:	AND IMPOSING REMEDIAL
ARBOR SECURITIES, LTD., and	:	SANCTIONS BY DEFAULT
FINANCIAL LINKS, INC.	:	

The Securities and Exchange Commission (Commission) initiated this proceeding on July 3, 2006, with an Order Instituting Proceedings (OIP). The Division of Enforcement (Division) has presented evidence that Financial Links, Inc. (Financial Links), received the OIP on August 9, 2006, and that Steven A. Gilman (Gilman) received the OIP on August 24, 2006. Delivery of the OIP was made to Gilman in his individual capacity and as an officer of Arbor Securities, Ltd. (Arbor Securities). Answers from Financial Links, Gilman, and Arbor Securities were due by August 29, 2006, and September 13, 2006, respectively. To date, no Answers have been received.

On September 1, 2006, I ordered Financial Links to show cause by September 15, 2006, why it should not be held in default for failing to file its Answer. Subsequently, on September 18, 2006, I ordered Gilman and Arbor Securities to show cause by September 27, 2006, why they should not be held in default for failing to file Answers. To date, Respondents have not responded to the show cause orders.

Financial Links, Gilman, and Arbor Securities are in default for failure to file an Answer or otherwise defend the proceeding. See 17 C.F.R. §§ 201.155(a), .220(f). As authorized by Rule 155(a) of the Commission's Rules of Practice, I find the following allegations in the OIP to be true.

Gilman, thirty-seven years old, is a resident of San Francisco, California. Arbor Securities was incorporated in the Bahamas in November 1998 and headquartered in Needham, Massachusetts. It is not registered with the Commission as a broker, dealer, or investment adviser, but operated in all three capacities. From December 1998 through October 2003, Gilman was the Manager, Secretary, and President of Arbor Securities, a purported "international business company." Arbor Securities engaged in the business of effecting

transactions in securities for the accounts of other persons, and engaged for compensation in the business of advising clients on investing in securities.

From 1999 through November 2003, Financial Links, a North Carolina corporation, was headquartered in Needham, Massachusetts. During that period, Financial Links was registered with the Commission as a broker and a dealer.

On June 19, 2006, a default judgment was entered against Gilman 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, and from aiding and abetting violations of Sections 15(a) and 15(c) of the Exchange Act and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (Advisers Act), in SEC v. Gilman, Civ. No. 05-10512-REK, in the United States District Court for the District of Massachusetts.

On June 19, 2006, a default judgment was entered against Arbor Securities permanently enjoining it from future violations of Section 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in SEC v. Gilman, Civ. No. 05-10512-REK, in the United States District Court for the District of Massachusetts.

On June 19, 2006, a default judgment was entered against Financial Links permanently enjoining it from future violations of Section 17(a) of the Securities Act, Sections 10(b) and 15(c) of the Exchange Act and Rule 10b-5 thereunder, in SEC v. Gilman, Civ. No. 05-10512-REK, in the United States District Court for the District of Massachusetts.

The Commission's complaint alleged that, between December 1998 and October 2003, Gilman and another person solicited approximately \$20 million and misappropriated at least \$14 million from approximately forty people who invested funds with Arbor Securities. The complaint also alleged that instead of establishing individual accounts and investing clients' funds in public companies as represented, Gilman, on behalf of Arbor Securities, commingled and transferred customer funds into several foreign and domestic accounts in the name of Arbor Securities, including accounts at Financial Links. From these accounts, Gilman transferred customer funds to himself, to a family member, and to private start-up companies controlled by the family member. The complaint alleged that, in order to conceal these transfers, Gilman, on behalf of Arbor Securities and at the request of another person, generated and sent to customers, fictitious account statements that purported to identify specific stocks held in their supposedly individual brokerage accounts at Arbor Securities. The false account statements also misrepresented cash balances, and falsely stated that transactions in the accounts took place when, in reality, they did not.

In view of the foregoing, I conclude that barring Gilman from association with any broker, dealer, or investment adviser; barring Arbor Securities from association with any broker or dealer; and revoking the registrations of Financial Links as a broker and a dealer are in the public interest. In addition, I conclude that it is in the public interest to require Arbor Securities to appoint a compliance officer who is acceptable to the Commission before it enters into any

advisory contracts or collects any advisory fees relating to transactions that are subject to the jurisdiction of the Commission.¹

ORDER

IT IS ORDERED, pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, that Steven A. Gilman is barred from association with any broker, dealer, or investment adviser;

IT IS FURTHER ORDERED, pursuant to Section 15(b) of the Securities Exchange Act of 1934, that Arbor Securities, Ltd., is barred from association with any broker or dealer;

IT IS FURTHER ORDERED, pursuant to Section 203(e) of the Investment Advisers Act of 1940, that Arbor Securities, Ltd., may not enter into any advisory contracts or collect any advisory fees relating to transactions subject to the jurisdiction of the Commission without the prior appointment of a compliance officer who is acceptable to the Commission; and

IT IS FURTHER ORDERED, pursuant to Section 15(b) of the Securities Exchange Act of 1934, that the registrations of Financial Links, Inc., as a broker and a dealer are revoked.

James T. Kelly
Administrative Law Judge

¹ This last sanction is imposed pursuant to Section 203(e) of the Advisers Act, which authorizes the Commission to “place limitations on the activities, functions, or operations of” an unregistered investment adviser. I decline to prohibit Arbor Securities from collecting fees from advisory clients and from entering into advisory contracts with advisory clients for five years (or any shorter period), as also requested by the Division. Such prohibitions, if they are even enforceable against a Bahamian corporation, would be tantamount to driving Arbor Securities out of business, not merely placing limitations on its activities, functions, and operations. In contrast, an order requiring the appointment of a compliance officer is consistent with the Commission’s past practice.