

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SECURITIES EXCHANGE ACT OF 1934  
Release No. 54828/November 29, 2006

ADMINISTRATIVE PROCEEDING  
File No. 3-12457

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In the Matter of	:	
	:	ORDER MAKING FINDINGS AND
DENNIS A. MARTIN	:	IMPOSING SANCTION BY DEFAULT
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**SUMMARY**

This Order bars Dennis A. Martin (Martin) from association with any broker or dealer. Martin was previously enjoined from violating the antifraud provisions of the securities laws, based on his misappropriation of more than \$2.5 million of customer funds while he was associated with a registered broker-dealer.

**I. BACKGROUND**

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) against Martin on October 18, 2006, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that Martin was permanently enjoined on September 11, 2006, from future violations of the antifraud provisions of the securities laws, based on his wrongdoing while associated with a registered broker-dealer. Martin was served with the OIP on October 26, 2006, and was required to file an Answer to the OIP within twenty days of that date. See OIP at 3; 17 C.F.R. § 201.220(b). To date, Martin has not filed an Answer to the OIP or sent any other correspondence to the Commission. A respondent who fails to file an Answer to the OIP or otherwise to defend the proceeding may be deemed to be in default, and the administrative law judge may determine the proceeding against him.<sup>1</sup> See 17 C.F.R. §§ 201.155(a), .220(f); OIP at 3. Thus, Martin is in default, and the undersigned finds the following allegations in the OIP are true.

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<sup>1</sup> Martin was ordered to show cause by November 27, 2006, why he should not be held in default and be barred from association with a broker or dealer. See Dennis A. Martin, Admin. Proc. No. 3-12457 (A.L.J. Nov. 17, 2006) (unpublished). He did not respond to the order.

## II. FINDINGS OF FACT

Martin, of Marietta, Georgia, is permanently enjoined from violating Section 17(a) of the Securities Act of 1933, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. SEC v. Martin, No. 1:06-CV-1078-TCB (N.D. Ga. Sept. 11, 2006). The wrongdoing that underlies his injunction occurred between February 2005 and May 2006 while he was associated as an independent contractor with Linsco/Private Ledger Corp., a registered broker-dealer, and misappropriated more than \$2.5 million of customer funds. He accomplished the fraud by obtaining authorization, under false pretenses, from at least five customers to sell securities from their accounts and to reinvest the proceeds. Specifically, Martin recommended that they sell variable annuity contracts that they owned, invest the proceeds in a money market fund or closed-end fund for a short time, and purchase new variable annuity contracts with higher principal amounts, which would increase the minimum guaranteed death benefit. After the customers authorized the transactions as represented, Martin submitted forged documents to the variable annuity companies, surrendering the contracts and directing those companies to mail the proceeds to him, unbeknownst to the customers. He then forged their names on the checks and deposited them into a bank account in the name of First Financial Group, a fictitious name under which he did business. Martin also provided at least four customers with false statements and confirmations reflecting that he had invested the proceeds in a closed-end fund, when, in fact, he had not.

## III. CONCLUSIONS OF LAW

Martin is permanently enjoined “from engaging in or continuing any conduct or practice in connection . . . with the purchase or sale of any security” within the meaning of Sections 15(b)(4)(C) and 15(b)(6)(A)(iii) of the Exchange Act.

## IV. SANCTION

Martin will be barred from association with any broker-dealer. This sanction will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act. It accords with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff’d on other grounds, 450 U.S. 91 (1981). Martin’s unlawful conduct was recurring and egregious, occurring for more than one year and involving the misappropriation of more than \$2.5 million of customer funds. There are no mitigating circumstances.

## V. ORDER

IT IS ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, DENNIS A. MARTIN IS BARRED from association with any broker or dealer.

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Carol Fox Foelak  
Administrative Law Judge