

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

SECURITIES EXCHANGE ACT OF 1934
Release No. 52734/November 4, 2005

INVESTMENT ADVISERS ACT OF 1940
Release No. 2446/November 4, 2005

ADMINISTRATIVE PROCEEDING
File No. 3-12019

In the Matter of :
: ORDER MAKING FINDINGS AND
T. GENE GILMAN : IMPOSING SANCTIONS BY DEFAULT

SUMMARY

This Order bars T. Gene Gilman from association with a broker or dealer or with an investment adviser. Gilman previously pleaded guilty to multiple charges of securities, mail, and wire fraud.

I. BACKGROUND

The Securities and Exchange Commission (Commission) issued its Order Instituting Proceedings (OIP) against Gilman on August 29, 2005, 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). The OIP alleges that he pleaded guilty to numerous counts of securities, mail, and wire fraud based on his wrongdoing from 1998 through 2003 while associated with Arbor Securities, Ltd. (Arbor Securities), an unregistered broker-dealer and investment adviser, and with Financial Links, Inc. (Financial Links), a registered broker-dealer.

Gilman was served with the OIP on September 26, 2005. Accordingly, his Answer to the OIP was due by October 17, 2005, that is, within twenty days of service. See 17 C.F.R. § 201.220(b); OIP at 3. To date, Gilman has failed to file an Answer. The Division of Enforcement (Division) filed a Motion for Default Judgment (Motion) on October 24, 2005. Gilman did not file an opposition to the Motion. Thus, Gilman has failed to answer, to respond to a dispositive motion within the time provided, or otherwise to defend the proceeding within the meaning of 17 C.F.R. §

201.155(a)(2). Thus, he is in default, and the undersigned finds that the allegations in the OIP are true.¹ See 17 C.F.R. §§ 201.155(a), .220(f).

II. FINDINGS OF FACT

From November 1998 through October 2003, Gilman was associated with, owned, and controlled Arbor Securities, which operated as an unregistered broker-dealer and investment adviser, effecting transactions in securities for the accounts of other persons and advising clients for compensation on investing in securities. Likewise, from 1999 through November 2003, he was associated with, owned, and controlled Financial Links, a broker-dealer registered with the Commission.

On July 18, 2005, Gilman pleaded guilty to multiple counts of securities, mail, and wire fraud in violation of various federal statutes in United States v. Gilman, Case No. 1:05-CR-10068-RCL (D. Mass). Specifically, he pleaded guilty to one count of securities fraud in violation of 15 U.S.C. §§ 80b-6(1), 80b-6(2), 80b-6(4), and 80b-17, multiple counts of mail fraud in violation of 18 U.S.C. § 1341, and multiple counts of wire fraud in violation of 18 U.S.C. § 1343. The criminal indictment to which he pleaded guilty alleged that, from November 1998 to November 2003, Gilman: was in the business of providing investment advice to investors for fees and commissions; offered to and did receive and manage approximately \$20 million of funds on behalf of investors; transferred approximately \$11 million of investors' funds to various bank accounts that he controlled for his own use and purposes; and fabricated, and directed others to fabricate, account statements that falsely represented investor holdings, transactions, and income.

III. CONCLUSIONS OF LAW

Gilman has been convicted, within ten years of the commencement of this proceeding, of a felony that “involves the purchase or sale of any security,” “arises out of the conduct of the business of a broker, dealer, [or] investment adviser,” and “involves the violation of section . . . 1341 . . . or 1343 . . . of title 18, United States Code” within the meaning of Section 203(e)(2)(A), (B), and (D) and Section 203(f) of the Advisers Act. The Advisers Act defines “convicted” to include a “plea of guilty.” See Section 202(a)(6) of the Advisers Act.

IV. SANCTION

Gilman will be barred from association with a broker or dealer or with an investment adviser. This sanction will serve the public interest and the protection of investors, pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act. It accords with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d

¹ Previously, Gilman was advised that if he failed to file an Answer to the OIP and failed to respond to the Division's motion for default within the time provided by law, the undersigned would enter an order barring him from association with a broker or dealer or with an investment adviser. See T. Gene Gilman, Admin. Proc. No. 3-12019 (A.L.J. Oct. 26, 2005) (unpublished) (citing 17 C.F.R. §§ 201.154(b), .155(a), .220(f)).

1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). Gilman's unlawful conduct in carrying out his business in association with a broker-dealer and an investment adviser was recurring and egregious, extending over a period of several years and involving millions of dollars. There are no mitigating circumstances.

V. ORDER

IT IS ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, T. GENE GILMAN IS BARRED from association with a broker or dealer.

IT IS FURTHER ORDERED that, pursuant to Section 203(f) of the Investment Advisers Act of 1940, T. GENE GILMAN IS BARRED from association with an investment adviser.

Carol Fox Foelak
Administrative Law Judge