

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 57931 / June 5, 2008

INVESTMENT ADVISERS ACT OF 1940
Release No. 2741 / June 5, 2008

ADMINISTRATIVE PROCEEDING
File No. 3-13058

In the Matter of

JAMES G. MARQUEZ,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against James G. Marquez (“Marquez” 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 15(b) of the Securities Exchange Act of 1934 and 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. Marquez, age 59, is a resident of Cos Cob, Connecticut. From 1996 through October 2001, Marquez was a portfolio manager and principal of Bayou Management, LLC ("Bayou Management"), the investment adviser¹ to a hedge fund known as Bayou Fund, LLC ("Bayou Fund"). During that time, Marquez acted as a principal, agent, and control person of, and investment adviser to, the Bayou Fund, and also was associated with and acted as a control person of Bayou Securities, LLC ("Bayou Securities"), a broker-dealer affiliated with Bayou Fund and Bayou Management and registered with the Commission pursuant to Section 15(b) of the Exchange Act.

2. On May 28, 2008, a judgment was entered by consent against Respondent, in the United States District Court for the Southern District of New York, permanently restraining and enjoining him from future violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. James G. Marquez, Civil Action Number 08-CIV-4773 (S.D.N.Y. filed May 22, 2008).

3. The Commission's complaint in that action alleges that from 1996 through October 2001, in order to retain Bayou Fund's investors and attract further investments, Respondent and his partners systematically concealed Bayou Fund's mounting trading losses by misrepresenting the fund's performance in monthly correspondence to investors. The complaint further alleges that Respondent and his partners created a sham accounting firm to issue and certify falsified "independent" yearly audits of the Bayou Fund's performance and attracted several million dollars in investments by issuing fictitious account statements, periodic newsletters, and falsified year-end "independent" financial statements. The complaint further alleges that in October 2001, Marquez resigned and attempted to dissociate himself from Bayou Management but did not disclose the ongoing fraud or take any steps to halt it. The complaint further alleged that Marquez's partners continued the scheme and attracted increasing amounts of investor capital before the fraud was revealed in 2005.

IV.

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

¹ Bayou Management was not registered with the Commission as an investment adviser. Section 203(b)(3) of the Advisers Act exempts from the registration provisions of the Advisers Act investment advisers that have fewer than fifteen clients and do not hold themselves out to the public as advisers (and do not manage a registered investment company).

Accordingly, it is hereby ORDERED that Respondent Marquez be, and hereby is, barred from association with any broker, dealer, or investment adviser pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act.

Any reapplication for association by Respondent Marquez will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Florence E. Harmon
Acting Secretary