

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 3162 / February 17, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14265**

**In the Matter of**

**JACQUES R. GENDREAU,**

**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 Jacques R. Gendreau (“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. From its inception in 2007, Gendreau was the president and chief compliance officer of Gendreau & Associates, Inc. ("G&A"), an investment adviser registered with the Commission. Gendreau 69 years old, is a resident of Aliso Viejo, California.

2. On February 9, 2011, a judgment was entered by consent against Gendreau, permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Sections 206(1) and 206(2) of the Advisers Act, and from aiding and abetting violations of Section 204 of the Advisers Act and Rule 204-2 thereunder, in the civil action entitled Securities and Exchange Commission v. Gendreau & Associates, Inc., et al., Civil Action Number CV09-3697- JST (FMOx), in the United States District Court for the Central District of California.

3. The Commission's complaint alleged that, from at least July 2007 through September 2008, Gendreau employed successive high-risk investment strategies for G&A clients without adequately disclosing the increasingly high-risk nature of his strategies. The complaint alleged that Gendreau used these high-risk strategies even though he knew that the investments were not suitable because of the clients' risk tolerance, including the clients' age, retirement status, or need for funds in the short-term. In August and September 2008, according to the complaint, Gendreau implemented his riskiest strategy by investing client assets – regardless of the client's risk tolerance – solely in the preferred shares of two banks using substantial margin. The complaint further alleged that in implementing this strategy, Gendreau disregarded the instructions from several clients who had instructed him to invest solely in cash. The complaint further alleged that although Gendreau knew that this was a very risky investment strategy, Gendreau misrepresented to clients that the investments were "guaranteed" and/or involved "practically no risk." The complaint also alleged that Gendreau aided and abetted G&A's failure to maintain its written communications with its clients, including emails containing investment recommendations or advice.

### IV.

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

Accordingly, it is hereby ORDERED:

Pursuant to Section 203(f) of the Advisers Act, Respondent Gendreau be, and hereby is barred from association with any investment adviser, with the right to reapply for association after five years to the appropriate self-regulatory organization, or if there is none, to the Commission;

Any reapplication for association by the Respondent 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.

Elizabeth M. Murphy  
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions. ("Order"), on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

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