

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 85091 / February 11, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16554**

---

**In the Matter of**

**Gray Financial Group, Inc., Laurence  
O. Gray, and Robert C. Hubbard, IV**

**Respondents.**

---

:  
:  
:  
:  
:  
:  
:  
:  
:  
:  
:

**EXTENSION ORDER**

The Division of Enforcement (“Division”) has requested an extension of time until August 30, 2019 to submit a Proposed Plan of Distribution under Rule 1101(a) of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 CFR § 201.1101(a).

On November 22, 2017, the Commission issued an Order Making Findings and Imposing Remedial Sanctions and Cease and Desist Order (“Order”)<sup>1</sup> against Gray Financial Group, Inc. (“Gray Financial”), Laurence O. Gray (“Gray”), Robert C. Hubbard, IV (“Hubbard”) (collectively, the “Respondents”). In the Order, the Commission found that, between July 2012 and August 2013, Gray Financial, its founder Gray, and Hubbard, who was the firm’s co-CEO during part of this time, violated the federal securities laws when they recommended, offered and sold investments in a Gray Financial proprietary fund of funds, GrayCo Alternative Partners II, LP (“GrayCo Alt. II”), to four Georgia public pension clients, despite the fact that they knew, were reckless in not knowing, or should have known that these investments did not comply with the restrictions on alternative investments imposed by Georgia law. Additionally, in October 2012, when recommending GrayCo Alt. II to one of

---

<sup>1</sup> Advisers Act Rel. No. 4812 (Nov. 22, 2017).

these clients, Gray Financial and Gray made specific material misrepresentations concerning the investment's compliance with the Georgia law and the number and identity of prior investors in the fund. The Commission ordered the Respondents to pay a total of \$476,298.72 in disgorgement, prejudgment interest, and civil money penalties to the Commission, pursuant to the payment plan detailed in the Order. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, so the penalties, along with the disgorgement and prejudgment interest, collected can be distributed to those harmed by the Respondents' conduct described in the Order (the "Fair Fund").

The Division now requests additional time to work with DERA to determine a distribution methodology, draft a distribution plan, and obtain contact information for the harmed investors.<sup>2</sup>

Accordingly, for good cause shown, IT IS HEREBY ORDERED that the Division's request for an extension of time until August 30, 2019 to submit a Proposed Plan of Distribution is granted.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields  
Secretary

---

<sup>2</sup> This matter has been delayed due to the government shutdown.