



chief on October 11, 2007.

2. Kairos, (CRD# 139299) maintained a principal place of business at 331 Newman Springs Road, Building 1, 4<sup>th</sup> Floor, Red Bank, New Jersey 07701.

3. Kairos was incorporated in New Jersey in 2004. From the date of its incorporation until the present day, Martin was the president and sole shareholder of Kairos.

4. Martin attempted to register Kairos as an investment adviser in New Jersey in December 2006. However, Kairos' registration was not complete until May 2007, because Martin had to qualify as an investment adviser representative by passing the required exam as a condition of registering Kairos.

5. Kairos's registration with the Bureau became effective on May 29, 2007.

6. From December 2006 to May 2007, while neither Martin nor Kairos was registered with the Bureau, Kairos through Martin, solicited funds from investors.

7. Martin distributed a brochure to both current and potential investors. The brochure was created by Martin using Microsoft Publisher.

8. The brochure described numerous "Funds" that Martin created, including, but not limited to : (1) the College Directions Fund; (2) the Emerging Growth Fund; (3) the Commodity Metals Portfolio; (4) Options Contract Fund; (5) Real Estate Investment

Trust; and the (6) Fixed Rate Bond Fund (collectively referred to as the "Kairos Funds"). However, none of the Kairos Funds were ever established, and thus did not exist.

9. The brochure indicated an "[a]verage yearly return" for the some of the Kairos Funds, including: (1) the Capital Directions Fund; (2) the Emerging Growth Fund; (3) the Commodities Futures Fund and (4) Commodity Metals Portfolio. These representations about the funds' "[a]verage yearly return" or rates of returns were false.

10. Kairos, through Martin, issued false and misleading monthly statements to investors. The monthly statements falsely informed investors that their monies were invested in various Kairos Funds. However, none of the Kairos Funds existed. Rather, investor money was commingled and held in a brokerage account of Kairos.

11. Kairos, through Martin, issued false monthly statements until June 30, 2007. The June 2007 monthly statements were misleading because they falsely represented values of investors' accounts which did not exist at the time the statements were created and mailed to investors. In fact, by the time the statements were created, there were no available funds in Kairos' accounts and all of the investments described in the monthly statements sent to clients by Martin were false.

12. Kairos, through Martin, purchased privately held shares of Digital 1 Media. Kairos, through Martin, purchased the Digital 1 Media privately held shares at \$2.50/share.

13. Subsequently, Kairos sold the Digital 1 Media shares to 10 to 12 investors at \$5.00/share, if the investors purchased a minimum of 1,000 shares. Investors paid \$6.00/share, if they did not purchase the 1,000 share minimum.

14. Martin established the structure of the Digital 1 Media offering, including the share price and minimum purchase requirement. Martin did not disclose to investors that Kairos paid \$2.50/share for Digital 1 Media shares, which Martin was selling to the investors at \$5.00/share or \$6.00/share.

15. Martin commingled investor funds and used investor funds to, among other things, pay for a 2007 Cadillac Escalade, loans to Martin, the mortgage on Martin's home, and Kairos' operational and business expenses.

16. Martin also used investor funds to return monies to certain other investors who wanted to withdraw their investment.

17. Martin omitted material facts and information to investors so as to mislead the investors. Among other things, Martin did not inform the investors that: (1) their investment monies were commingled with Kairos's operating funds; (2) their investment monies were used for Martin's personal expenses; (3) their investment monies were used to fund distributions to other investors; and (4) the Kairos Funds never existed as Martin had never established the independent funds.

18. Martin paid certain investors who wanted to withdraw their

investment, with "bad" checks. Specifically, Martin paid investors who wanted to withdraw their investment with checks drawn on Kairos' account knowing that the checks would not clear the account because of insufficient funds.

19. On October 11, 2007, Martin's registration as an investment adviser representative was revoked pursuant to pursuant to N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(ii) and N.J.S.A. 49:3-58(a)(2)(vii).

**MARTIN IS THE SUBJECT OF AN ORDER OF THE BUREAU CHIEF REVOKING  
MARTIN'S REGISTRATION AS AN INVESTMENT ADVISER REPRESENTATIVE  
N.J.S.A. 49:3-58(a)(1)  
N.J.S.A. 49:3-58(a)(2)(v)**

20. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

21. Pursuant to N.J.S.A. 49:3-58(a), "The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant or, in the case of a brokerdealer or investment adviser, any partner, officer, or director . . . (v) is the subject of an effective order of the bureau chief . . . revoking registration as a . . . investment adviser representative..."

22. Martin is the President and CEO of Kairos and has been since its incorporation.

23. On October 11, 2007, Martin's investment adviser representative registration was the subject of a bureau chief's summary revocation order pursuant to N.J.S.A. 49:3-58(a)(1) and

N.J.S.A. 49:3-58(a)(2)(ii) and N.J.S.A. 49:3-58(a)(2)(vii).

24. The foregoing constituted good cause, pursuant to N.J.S.A. 49:3-58(a)(2)(v), and within the public interest pursuant to N.J.S.A. 49:3-58(a)(1), and necessary for the protection of investors, to revoke Kairos's registration as an investment adviser representative of Kairos.

For the reasons stated above, it is on this 11th DAY of October 2007

**ORDERED** that the investment adviser registration of Kairos Financial Corporation (CRD#139299) is REVOKED pursuant to N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(ii) and N.J.S.A. 49:3-58(a)(2)(vii).

Dated: October 11, 2007 By: Franklin L. Widmann

Franklin L. Widmann  
Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to the uniform Securities Law (1997), N.J.S.A. 49:3-47 *et seq.*, specifically N.J.S.A. 49:3-58 (c). The Bureau Chief shall, entertain on no less than three (3) days' notice, a written application to lift the summary postponement, suspension or revocation on written application of the applicant or registrant and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary postponement, suspension or revocation.

The matter will be set down for a hearing if a written request for such hearing is filed with the bureau within fifteen (15) days after the respondent receives this Order. A request for a hearing must be accompanied by a written response, which addresses specifically each of the allegations set forth in the Order. A general denial is unacceptable. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

Orders issued pursuant to this subsection to suspend or revoke any registration shall be subject to an application to vacate upon ten (10) days' notice, and a preliminary hearing on the order to suspend or revoke any registration shall be held in any event within twenty (20) days after it is requested, and the filing of a motion to vacate the order shall toll the time for filing an answer and

written request for a hearing.

If no hearing is requested, the Order shall be entered as a Final Order and will remain in effect until modified or vacated. If a hearing is held, the bureau chief shall affirm, vacate or modify the order in accord with the finding made at the hearing.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., provides several enforcement remedies which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69.

You are further advised that the entry of this Order does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.