EXHIBIT A

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No.

INVESTMENT COMPANY ACT OF 1940
Release No.

ADMINISTRATIVE PROCEEDING
File No.

In the Matter of **EDGAR R. PAGE and PAGEONE FINANCIAL INC.,** **Respondents.**	**~~[PROPOSED]~~ AMENDED ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTIONS 203(e), 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940 AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") and Section 9(b) of the Investment Company Act of 1940 ("Investment Company Act") against Edgar R. Page ("E. Page") and PageOne Financial, Inc. ("PageOne" and, together with E. Page, "Respondents").

II.

After an investigation, the Division of Enforcement alleges that:

A. <u>SUMMARY</u>

1. PageOne, a registered investment adviser, and E. Page, its sole owner and principal, hid serious conflicts of interest from their advisory clients in connection with recommending investments in three private investment funds (the "Private Funds").

2. Specifically, from early 2009 through approximately September 2011, Respondents knowingly or recklessly failed to tell their clients that:

a. One of the Private Funds' managers (the "Fund Manager") was in the process of acquiring at least 49% of PageOne for approximately $2.7 million;

b. As part of that acquisition, E. Page had agreed to raise millions of dollars for the Private Funds from his advisory clients; and

c. The Fund Manager was paying for the acquisition by making a series of installment payments over time, the timing and amounts of which were, at least partially, tied to Respondents' ability to direct client money into the Private Funds.

3. Indeed, the disclosures that Respondents did make in PageOne's Forms ADV materially misrepresented both the nature and amounts of the Fund Manager's payments to E. Page. For example—from approximately July 2009 to September 2010—PageOne's ADV stated that it received on an "annual basis, a referral fee" from the Fund Manager of "between 7.0% and 0.75% of the amount invested by" Respondents' clients in the Private Funds. However, as both Respondents knew or recklessly disregarded, (a) the Fund Manager's payments were not referral fees, but rather installments on the acquisition of PageOne; and (b) during that same period, those payments exceeded 15% of the PageOne clients' investment in the Private Funds. As set out below, Respondents' other disclosures concerning their interests in the Private Funds and the Fund Manager were similarly misleading.

4. As a result of Respondents' fraud, their clients were unaware of the nature and extent of Respondents' conflicts of interest in recommending the Private Funds. Not least of those conflicts was the fact that the Fund Manager's ability to finalize the acquisition—and, thus, complete its payments to E. Page—was, at least partially dependent on the Respondents' continuing to raise money from PageOne clients for investment into the Private Funds.

5. From March 2009 through September 2011, Respondents' clients invested approximately between $13 and $15 million in the Private Funds at Respondents' recommendation. During roughly the same period, the Fund Manager paid Respondents (directly or indirectly) over $2.7 million in acquisition payments.

B. RESPONDENTS

6. **E. Page**, age 62, lives in Gansevoort, New York. E. Page owns more than 95% of PageOne and is the company's Chairman, Chief Executive Officer, Chief Operating Officer, Chief Compliance Officer, Lead Portfolio Manager, and Chairman of its Investment Committee. From 1981 to 2009, E. Page was a registered representative of a number of registered broker dealers. In addition, as PageOne's Chief Compliance Officer, E. Page was responsible for authorizing any changes to PageOne's client disclosures, including its Forms ADV. Indeed, PageOne directed all questions concerning its Forms ADV to E. Page.

7. **PageOne** is a New York corporation headquartered in Malta, New York. PageOne has been registered with the Commission as an investment adviser since December 31, 1986. PageOne reported assets under management of about $215 million on its Form ADV of March 31, 2014.

C. OTHER RELEVANT INDIVIDUALS AND ENTITIES

8. **The Fund Manager** is in the business of real estate management, development, and finance.

9. **The Private Funds** are private investment funds, not registered with the Commission. Their assets consist primarily of investments in real estate.

D. FACTS

The Acquisition Agreement

10. Sometime in late 2008, E. Page agreed that the Fund Manager would acquire PageOne. The parties further agreed that:

a. The Fund Manager would pay the acquisition price of approximately $3 million in installments over time; and

b. The acquisition would not close—and the Fund Manager would not make the final payments of the purchase price—until E. Page raised approximately $20 million for the Private Funds.

11. Sometime before April 2010, the Fund Manager and E. Page revised the acquisition terms to have the Fund Manager acquire 49% of PageOne for approximately $2.4 million, which was later increased by agreement to approximately $3 million.

12. Beginning in early 2009, Respondents began recommending that their clients invest in the Private Funds. From March 2009 through September 2011, Respondents' clients invested approximately between $13 and $15 million in the Private Funds as Respondents knew or recklessly disregarded. Respondents (a) could view their client's accounts; and (b) executed at least certain of the transfers of client funds from their existing investments into the Private Funds.

13. Over roughly the same time, the Fund Manager made installment payments on the acquisition of approximately $2.7 million, an amount equal to approximately 18% of PageOne clients' investments in the Private Funds. The Fund Manager made these payments directly to E. Page, or to PageOne and other entities and persons, at E. Page's direction.

14. The size and timing of the Fund Manager's payments was determined, at least partially, by when PageOne clients made investments into the Private Funds. This reflected both (a) E. Page's explicit agreement to raise money for the Private Funds as part of the acquisition; and (b) the fact that the Fund Manager had limited liquidity. In other

words, the Fund Manager needed to receive investments from PageOne clients to free up cash to make the periodic acquisition payments.

15. Moreover, Respondents knew (or recklessly disregarded) that the timing of the Fund Manager's acquisition payments—which often followed very closely in time behind PageOne clients' investments in the Private Funds—was linked to those investments. First, Respondents had explicitly agreed to raise money for the Private Funds as a term of the acquisition. Thus, on at least one occasion, E. Page emailed the Fund Manager's founder and Chairman (the "Chairman") to notify him that a PageOne client had invested in the Private Funds and to ask for an acquisition payment. Moreover, E. Page understood that the Chairman and the Fund Manager did not have sufficient liquidity of their own to complete the acquisition of PageOne. Indeed, E. Page understood that the Chairman was, at the time, selling certain personal assets to keep the Fund Manager's business going.

The Promissory Notes

16. The acquisition payments were memorialized as promissory notes from E. Page to the Fund Manager. E. Page understood, from the Chairman, that—in the event that the acquisition was consummated—the Fund Manager would cancel the notes. However, he likewise understood that until the acquisition closed and the Fund Manager cancelled the notes, E. Page was personally liable for the notes. Indeed, E. Page expressed just this concern to the Chairman, writing in an email in January 2010 that, as a result of the acquisition not closing, "I have a large loan 'lliability' [sic] and no assets."

Respondents' Materially False and Misleading Statements and Omissions Concerning their Relationship to the Fund Manager and the Private Funds

17. Respondents knowingly or recklessly failed to disclose accurately the acquisition agreement as well as the true nature and amounts of the Fund Manager's payments to Respondents. E. Page refused to do so because, as he testified, "It's too dangerous. It would cause thousands of clients to get extremely nervous if I was selling my firm." In other words, E. Page was concerned that the true nature of his interest in the Fund Manager—and, in turn, in the Private Funds he was recommending—would be important information to investors.

18. Initially, Respondents knowingly or recklessly omitted to make any disclosure at all to their clients. Thus, from March through July 2009, Respondents remained entirely silent concerning their relationship to the Fund Manager and the Private Funds. During this time (a) Respondents' clients invested over $4 million in the Private Funds; and (b) the Fund Manager paid Respondents approximately $300,000, equivalent to approximately 7% of the total invested.

19. Thereafter, E. Page—who was PageOne's Chief Compliance Officer, Chairman and CEO, as well as controlling person, at all relevant times—knowingly or recklessly had PageOne make a series of false and misleading disclosures concerning the Fund Manager's acquisition in its Forms ADV.

i. *PageOne's False and Misleading Forms ADV: July 31, 2009 to September 14, 2010*

20. On July 31, 2009, PageOne revised its Form ADV, Part II to include in the section relating to advisory services and fees disclosure concerning the Fund Manager and the Private Funds. That Form ADV stated that Respondents may recommend investments in the Private Funds, calling them "unaffiliated private funds." This latter statement was misleading as it suggested no relationship between Respondents and the Private Funds. By this point in time, however, the Fund Manager had agreed in principal to acquire at least 49% of PageOne and had made a $300,000 down payment on that acquisition.

21. That section of PageOne's Form ADV, Part II also purported to describe the financial relationship between PageOne and the Private Funds:

> *Fee Schedule*: PageOne Financial does not directly charge the client a fee for this service. PageOne Financial is compensated by a referral fee paid by the [Fund] Manager of the Private Fund(s) in which its clients invest. The management and other fees the client pays to the Private Funds are not increased as a result of Registrant's referral of clients to the Private Funds. PageOne Financial will typically receive, on an annual basis, a referral fee of between 7.0% and 0.75% of the amount invested by the client in the applicable Private Fund(s).

22. This disclosure was materially false and misleading. First, the Fund Manager's payments to Respondents were simply not fees for referring investments to the Private Funds—rather they were down payments on the acquisition of at least 49% of PageOne. Because of the false disclosure, investors did not know that: (a) Respondents had agreed to raise millions of dollars for the Private Funds as a condition to closing the acquisition; (b) as opposed to a "referral fee," Respondents had an expectation of future payments from the Fund Manager in the form of the full acquisition price, future payments that would only be made if the Fund Manager could afford to acquire PageOne and Respondents were able to raise the promised funds; and (c) if the acquisition did not close, E. Page was personally liable for the promissory notes.

23. Respondents, thus, had an undisclosed interest in ensuring the ongoing success of the Private Funds and the Fund Manager—i.e., to ensure that Respondents received the entire acquisition price. This interest represented, at least, a potential conflict with the purported objectivity of Respondents' investment advice to their clients.

24. Second, it was not true that the Fund Manager's payments to Respondents were limited to "between 7.0% and 0.75% of the amount invested" on an annual basis in the Private Funds. Indeed, in the approximately one year from July 31, 2009 to September 14, 2010—when PageOne again changed its disclosure concerning the Fund Manager (see below)—the Fund Manager paid Respondents $1,312,755, an amount in excess of 15% of

the approximately $6.5 to $8 million that Respondents' clients invested into the Private Funds during that time.

25. Respondents knew or recklessly disregarded the false and misleading statements contained in the Form ADV, Part II. E. Page told his Assistant Compliance Officer that he did not want to disclose the true nature of the arrangement with the Fund Manager. Moreover, as PageOne's Chief Compliance Officer, Chairman and CEO, E. Page was ultimately responsible for PageOne's disclosures, including its Forms ADV. Indeed, he reviewed and approved the July 31, 2009 Form ADV, Part II.

ii. *PageOne's False and Misleading Forms ADV: September 14, 2010 to March 1, 2011*

26. On September 14, 2010, PageOne again amended the disclosure in its Form ADV, Part II concerning the Fund Manager and the Private Funds. And again, Respondents knew or recklessly disregarded that the new disclosure was materially false and misleading.

27. The September 14, 2010 Form ADV, Part II section concerning advisory services and fees was amended to remove the descriptions of the purported "referral fee" discussed above, as well as the amounts of that fee. In its place, the revised Form ADV stated that PageOne would charge its clients a 1% annual management fee on money invested in the Private Funds. The September 14, 2010 ADV, Part II, in the sections concerning "Other Business Activities" and "Participation or Interest in Client Transactions," went on to state that:

> Edgar R. Page . . . is also employed as a consultant to the [the Fund Manager]. [The Fund Manager] is a real estate investment and development firm. Mr. Page is compensated for the consulting services he provides to [the Fund Manager]. As disclosed above, PageOne Financial recommends private funds that are managed by [the Fund Manager] to PageOne Financial's advisory clients for which PageOne Financial receives an advisory fee. Advisory clients are under no obligation to participate in such investments.

28. Moreover, as had been true since early 2009, the Fund Manager continued to make installment payments on its acquisition of PageOne. Between September 14, 2010 and March 1, 2011 (when PageOne again changed its ADV disclosure), the Fund Manager paid Respondents approximately $460,000, equivalent to about 70% of the more-than $650,000 that Respondents' clients invested into the Private Funds during that time.

29. In addition—as with the July 31, 2009 Form ADV—the amended Form ADV continued to state that "[a]ll private investment funds recommended by [PageOne] are managed by unaffiliated investment advisors." This statement was misleading. Despite its suggestion that the Private Funds were entirely unaffiliated with PageOne, by September

14, 2010, the Fund Manager had paid E. Page $1.6 million, or more than 50% of the agreed-upon $3 million acquisition price.

30. As with the prior false statements and omissions, Respondents knew or recklessly disregarded that the September 14, 2010 Form ADV, Part II was false and misleading.

a. As E. Page knew, he was never a consultant to the Fund Manager, provided no consulting services, and, thus, was never compensated for any such services;

b. E. Page understood the true terms of the acquisition; and

c. E. Page authorized the amendments and was, thus, aware of their wording.

iii. *PageOne's False and Misleading Forms ADV: March 1, 2011 to September 29, 2011*

31. On March 1, 2011, PageOne again amended its Form ADV, Part 2A, this time deleting all references to the Fund Manager and the Private Funds. Despite the deletions, Respondents' undisclosed conflict of interest did not disappear. Between March 1, 2011 and September 29, 2011, PageOne clients invested as much as $1.9 million in the Private Funds. At the same time, the Fund Manager made installment payments to E. Page during this period of approximately $700,000, equivalent to more than 35% of PageOne clients' investment in the Private Funds during that time.

32. Respondents knew or were reckless in not knowing that the March 1, 2011 Form ADV, Part 2A omitted to disclose the acquisition agreement. E. Page was the Chief Compliance Officer, Chairman and CEO at the time and, as such, it was his responsibility to approve any changes to the Form ADV.

33. In addition to the above false and misleading statements and omissions, Respondents also intentionally or recklessly omitted to tell their clients about the promissory notes at all relevant times.

34. PageOne published its Forms ADV on its website and delivered them to prospective clients during the relevant time period.

35. In addition to the above—by failing to tell their clients about the true nature of their relationship to the Fund Manager and the Private Funds and by preparing and disseminating Forms ADV that falsely described those relationships—Respondents failed to act as a reasonably careful person would in similar circumstances.

The Fund Manager's Acquisition Collapses

36. Over the course of 2010 and 2011, E. Page became increasingly concerned that the acquisition would not close. He understood that he had not been able to raise the $20 million, a condition precedent for the acquisition. And, he knew or recklessly disregarded that the Fund Manager had not been able to otherwise raise sufficient funds to pay the balance on the acquisition price. In both 2010 and 2011, the Chairman made increasingly urgent appeals to E. Page to assist the Fund Manager in fund-raising, for example, telling him of his "need" to raise money and saying that he "[d]esperately need[ed]" E. Page's help in doing so.

37. Respondents' clients made their last investments in the Private Funds in September 2011, shortly after the Fund Manager made its last payment to E. Page.

38. Despite paying approximately $2.7 million to Respondents, the Fund Manager never consummated its acquisition of 49% of PageOne.

39. In April 2013, the Fund Manager wrote to E. Page seeking repayment of the promissory notes of $2,751,345 in principal and $933,486.32 in interest on the grounds that the acquisition had not closed.

E. VIOLATIONS

40. As a result of the conduct described above, Respondents willfully violated Sections 206(1) and 206(2) of the Advisers Act, which prohibit fraudulent conduct by an investment adviser.

41. As a result of the conduct describe above, Respondents willfully violated Section 207 of the Advisers Act, which makes it "unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein."

42. As a result of the conduct described above, E. Page willfully aided and abetted and caused PageOne's violations of:

a. Sections 206(1) and 206(2) of the Advisers Act, which prohibit fraudulent conduct by an investment adviser; and

b. Section 207 of the Advisers Act, which makes it "unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein."

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Sections 203(e) and 203(f) of the Advisers Act including, but not limited to, disgorgement and civil penalties pursuant to Section 203 of the Advisers Act;

C. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Section 9(b) of the Investment Company Act including, but not limited to, disgorgement and civil penalties pursuant to Section 9 of the Investment Company Act; and

D. Whether, pursuant to Section 203(k) of the Advisers Act, Respondents should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 206(1), 206(2), and 207 of the Advisers Act, whether Respondents should be ordered to pay a civil penalty pursuant to Section 203(i) of the Advisers Act and Section 9(d) of the Investment Company Act, and whether Respondents should be ordered to pay disgorgement pursuant to Section 203 of the Advisers Act, and Section 9 of the Investment Company Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Jill M. Peterson
Assistant Secretary