

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS

Release No. 3902/June 8, 2016

ADMINISTRATIVE PROCEEDING

File No. 3-17210

In the Matter of

PAUL LEON WHITE, II

ORDER TO SHOW CAUSE

Respondent Paul Leon White, II, has moved for a second extension of time to answer the order instituting proceedings (OIP). For the reasons discussed below, White's request is DENIED. White is ordered to SHOW CAUSE why this proceeding should not be determined against him due to his failure to file an answer to the OIP.

As discussed in a recent order denying without prejudice White's request for the issuance of subpoenas, this is a follow-on proceeding instituted to determine whether (1) White "was a registered representative associated with a broker-dealer" and "held himself out as an investment adviser"; (2) White was convicted in New York state court of grand larceny and a scheme to defraud and sentenced to imprisonment and to pay restitution in excess of \$2.9 million; and (3) assuming the preceding allegations are true, "[w]hat, if any, remedial action is appropriate in the public interest." *Paul Leon White, II*, Admin. Proc. Rulings Release No. 3894, 2016 SEC LEXIS 1990, at *1, *4-5 (ALJ June 6, 2016); OIP at 1-2.

I held a telephonic prehearing conference on May 13, 2016, during which I addressed a number of motions White submitted prior to the conference. Tr. 7-15; *Paul Leon White, II*, Admin. Proc. Rulings Release No. 3841, 2016 SEC LEXIS 1732, at *2-3 (ALJ May 13, 2016). I also discussed the fact that because White was served with the OIP on April 21, 2016, his answer was due two days earlier on May 11, 2016. Tr. 7. Partly owing to the fact that White is incarcerated, I granted him two weeks, until May 27, 2016, to place his answer in the mail. Tr. 11-15; see *Paul Leon White, II*, 2016 SEC LEXIS 1732, at *3. I cautioned White that answering the OIP is not an involved process; he only needs to admit or deny the allegations and generally state his defenses.¹ Tr. 11-12, 15.

¹ The portion of the OIP containing factual allegations encompasses four paragraphs. OIP at 1-2. The allegations all concern matters within White's personal knowledge, such as whether he held himself out as an investment adviser and whether he was convicted and sentenced. *Id.*

On June 6, 2016, my office received White's second motion to extend the time for answering the OIP. This four-page motion was accompanied by a four-page "reply" to an opposition the Division filed to one of White's previous motions, a two-page "motion for pre-hearing submission pursuant to Rule 222," and a five-page motion to compel the Division to take various actions. In his motion for an extension, White asserts that due to conditions in his prison's library and his lack of access to a word processor, he requires additional time to answer the OIP.² Mot. at 1-2.

White's assertion that, due to his current circumstance, he requires additional time to answer the OIP is belied by his own actions. Since this proceeding began, White has filed a host of motions and demonstrated a familiarity with the Commission's Rules of Practice that often eludes other respondents. *See* Tr. 6, 13. The fact he has been able to file so many motions shows that he has the ability to answer the OIP, which contains only four short paragraphs of factual allegations, all of which concern matters within his personal knowledge.

Having considered the factors in Rule of Practice 161(b)(1), 17 C.F.R. § 201.161(b)(1), and bearing in mind (1) that I have already granted White an extension of time to answer the OIP; (2) that I explained to him that his answer need not be lengthy or involved; and (3) White's demonstrated ability to submit numerous filings and demonstrated knowledge of the Rules of Practice, White's second request for an extension of time to answer the OIP is denied. Considering the three factors listed above, I ORDER White to SHOW CAUSE by June 22, 2016, why this proceeding should not be determined against him due to his failure to file an answer to the OIP. *See* 17 C.F.R. §§ 201.155(a)(2), .220(f).

The current procedural schedule shall remain in place. In the event White fails to show cause, I will construe the Division's motion for summary disposition, due on June 10, 2016, as a motion for sanctions. Ruling on White's pending motions is deferred until he responds to this order to show cause. Notwithstanding this order, the time for the Division to respond to White's pending motions shall continue to run.

James E. Grimes
Administrative Law Judge

² White also purports to raise due process concerns related to his limited resources, the scheduling of the initial hearing in this matter, and my decision to postpone the hearing and schedule a prehearing conference. Mot. at 2-3. Because White has not shown prejudice, let alone a violation, his due process claim is meritless. *United States v. Lovasco*, 431 U.S. 783, 790 (1977) ("proof of prejudice is generally a necessary but not sufficient element of a due process claim").