

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 5999 / April 20, 2022**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20827**

**In the Matter of**

**JOHN D. ELLIS, JR.,**

**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 John D. Ellis, Jr. (“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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and 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. Ellis was a co-founder and owner of Paul Ellis Investment Associates LLC ("PEIA"), an investment adviser registered with the Commission. Prior to co-founding PEIA, Ellis held Series 7, 31, 63, and 65 licenses and was a registered representative associated with various firms. Ellis, 46 years old, is a resident of Philadelphia, Pennsylvania.

2. On May 27, 2021, a final judgment was entered by consent against Ellis, permanently enjoining him from future violations of Sections 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and Rule 10b-5 thereunder, Sections 206(1) and 206(2) of the Advisers Act, and Section 207 of the Advisers Act, and from aiding and abetting future violations of Section 206(4) of the Advisers Act and Rule 206(4)-1(a)(5) thereunder, in the civil action entitled Securities and Exchange Commission v. Joseph Andrew Paul, et al., Civil Action Number 2:16-cv-01326, in the United States District Court for the Eastern District of Pennsylvania.

3. The Commission's complaint alleged that, from late 2010 through November 2012, Ellis raised more than \$3.9 million from more than a dozen investors and clients by misrepresenting, among other things, PEIA's investment strategies, assets under management, and investment performance. The complaint also alleged that Ellis distributed false marketing materials to prospective advisory clients, and recruited others to solicit clients on behalf of PEIA. The complaint further alleged that Ellis initially invested the funds, but then later diverted the funds to be used for improper purposes, which resulted in investor and client losses that exceeded \$1.9 million.

4. On December 20, 2018, Ellis pled guilty to violations of 18 U.S.C. § 1348; 15 U.S.C. §§ 78j, 78ff; and 17 C.F.R. § 240.10b-5 before the United States District Court for the Eastern District of Pennsylvania, in United States v. John Dee Ellis, Jr., et al., Crim. No. 2:17-cr-00371-JHS (E.D. Pa.).

5. The counts of the indictment to which Ellis pled guilty alleged, *inter alia*, that Ellis made false statements in soliciting clients to invest with PEIA and misusing money received from clients for investment.

### IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Ellis be, and hereby is barred from association with any broker, dealer, investment

adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) 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.

Vanessa A. Countryman  
Secretary