

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96650 / January 12, 2023

INVESTMENT ADVISERS ACT OF 1940
Release No. 6216 / January 12, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21271

In the Matter of

PAUL HESS,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Paul Hess (“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, and without admitting or denying the findings herein, except as to 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, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and 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. Paul Hess, age 66, resides in Albuquerque, New Mexico. He owned Braintree Mobiletech, LLC and Braintree Hill Ventures, LLC. From 2001 through December 31, 2010, Hess was associated with a dually-registered investment adviser and broker-dealer.

2. On December 23, 2022 a final judgment was entered by consent against Hess, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Michael Liberty, et al., Civil Action Number 2:18-cv-00139, in the United States District Court for the District of Maine (the "Maine matter"). The final judgment also enjoined Hess from directly or indirectly, including, but not limited to, through any entity owned or controlled by him individually or collectively with others, participating in the issuance, purchase, offer, or sale of any security, provided, however, that such injunction shall not prevent him from purchasing or selling securities for his own personal accounts.

3. The Commission's complaint alleged that, since at least 2010, defendants in the Maine matter, including Hess, schemed to raise money putatively for start-up technology companies. The Commission's complaint alleged that Hess acted as an unregistered broker-dealer, promoting, selling and fraudulently offering securities. The Commission's complaint alleged that the largest fraudulent scheme involved a start-up financial technology company called Mozido, LLC. The Commission's complaint alleged that Hess and others from 2010 to 2017 used multiple shell companies to raise more than \$49 million from hundreds of investors, who purchased notes issued by various shell companies, with the promise that the notes were a way to invest in Mozido. The Commission's complaint alleged that to sell the notes, Hess and others made multiple material misstatements about Mozido's business prospects and Defendant Michael Liberty's past. The Commission's complaint alleged that defendants, including Hess, fraudulently raised across multiple offerings involving different businesses more than \$55 million through the sale of unregistered securities.

4. On December 19, 2022 a final judgment was also entered by consent against Hess, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act, and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Medsis International, Inc., et al., Civil Action Number 1:21-cv-11356, in the United States District Court for the District of Massachusetts (the "Massachusetts matter"). The final judgment also enjoined Hess from directly or indirectly, including, but not limited to, through any entity owned or controlled by him individually or collectively with others, participating in the issuance, purchase, offer, or sale of any security, provided, however, that such injunction shall not prevent him from purchasing or selling securities for his own personal accounts.

5. The Commission's complaint alleged that, beginning in 2015, defendants in the Massachusetts matter, including Hess, raised more than \$12.9 million from U.S. investors for Defendant Joshua Cabrera's start-up technology company Medsis International, Inc., originally located in Panama. In 2015, Medsis described itself as a technology company focused on providing governments and large institutions with medical record databases that could be paired with a payment card or mobile payment system. Between 2015 and 2020, the Commission's complaint alleged that Hess and Defendant Cabrera each made multiple material misrepresentations and misleading statements to investors concerning the existence and value of contracts with customers, revenue generation, and business operations. Additionally, the complaint alleged that Hess misrepresented Medsis' business partnerships, including its relationship with Mozido, and his receipt of commissions.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Hess' Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent Hess 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; and

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent Hess be, and hereby is barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

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