

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6312 / May 19, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21435

In the Matter of

**BRIAN RAYMOND
CALLAHAN,**

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 Brian Raymond Callahan (“Callahan” or “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. In 2012, the Commission filed a civil action against Callahan for engaging in a long-running fraudulent Ponzi scheme in which investors were misled about the nature of their investments and the misuse and misappropriation of their money. Callahan, age 53, formerly a resident of Old Westbury New York, is currently serving a 144-month prison sentence in a parallel criminal case. Callahan was previously registered as an investment adviser representative from 2004 to 2006. In 2009, Callahan was barred by the Financial Industry Regulatory Authority ("FINRA") from associating with any FINRA member.

2. On April 29, 2014, the United States District Court for the Eastern District of New York accepted Callahan's guilty plea to one count of securities fraud (15 U.S.C. §§ 78j(b) and 78(ff)) and one count of wire fraud (18 U.S.C. § 1343) in *United States v. Brian R. Callahan and Adam J. Manson*, No. 1:13-CR-453. By judgment entered on September 29, 2017, Callahan was sentenced to a prison term of 144 months followed by three years of supervised release and ordered to make restitution in the amount of \$67,615,407.

3. In connection with that plea, Callahan admitted that he defrauded investors by making materially false and misleading statements concerning the use of investment funds and omitting to disclose that certain funds would be used in connection with a real estate project.

4. On May 12, 2023 a final judgment was entered by consent against Callahan, permanently enjoining him from future violations of Section 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, and Sections 206(1), (2) and (4) of the Advisers Act and Rule 206(4)-8 thereunder, in the civil action entitled Securities and Exchange Commission v. Brian Raymond Callahan, et al., Civil Action Number 1:12-CV-1065, in the United States District Court for the Eastern District of New York.

5. The Commission's complaint alleged that from at least 2005 to 2012, Callahan raised tens of millions of dollars from at least 45 investors for at least five off-shore pooled investment funds that Callahan operated. Callahan managed and made the investment decisions for the five investment funds and received inflated management fees. Callahan's solicitation of investors involved material misrepresentations about the use of their money and liquidity of their investments. Callahan misused a portion of investor assets to pay other investors seeking redemptions, diverted investor assets to a real estate project on Long Island, and misused fund assets for his personal benefit.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Callahan 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