

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 100323 / June 12, 2024

INVESTMENT ADVISERS ACT OF 1940
Release No. 6627 / June 12, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21963

In the Matter of

JOSEPH ANDREW PAUL,

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
AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (the “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 Joseph Andrew Paul (“Respondent” or “Paul”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Paul, age 48, resides in Mount Laurel, New Jersey. Paul was a co-founder of Paul Ellis Investment Associates LLC (“PEIA”), an investment adviser previously registered with the Commission. Paul, both in his individual capacity and through his co-ownership and control of PEIA, advised clients as to the merits of certain strategies in securities investment and received compensation from PEIA for that investment advice.

2. Prior to forming PEIA, Paul held a Series 7 license and was a registered representative associated with various broker dealers including: Arjent LLC (CRD No. 131431) from March 2010 to January 2011; Kovack Securities, Inc. (CRD No. 44848) from August 2008 until April 2010; PNC Investments (CRD No. 129052) from June 2007 until July 2007; Wachovia Securities, LLC (CRD No. 19616) from April 2003 until May 2007; and Merrill Lynch, Pierce, Fenner & Smith Inc. (CRD No. 7691) from April 1999 through April 2003.

B. ENTRY OF THE INJUNCTION/RESPONDENT'S CRIMINAL CONVICTION

3. On March 28, 2023, a final judgment was entered against Paul, permanently enjoining him from future violations of Sections 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, and from aiding and abetting the violation of Section 206(4) of the Advisers Act and Rule 206(4)-1(a)(5) thereunder, as set forth in the judgment entered in the civil action entitled *Securities and Exchange Commission v. Joseph Andrew Paul, et al.*, No. 2:16-cv-01326, in the United States District Court for the Eastern District of Pennsylvania.

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

5. On December 17, 2018, Paul pleaded guilty to two counts of securities fraud and aiding and abetting in violation of Title 18, United States Code, Sections 1348 and 2, and one count of securities fraud in violation of Title 15, United States Code, Section 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 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.*, No. 2:17-cr-00371. On June 23, 2021, a judgment in the criminal case was entered against Paul. He was sentenced to a prison term of 34 months followed by 5 years of supervised release and ordered to make restitution of \$1,511,931.

6. The criminal case concerned the same conduct underlying the Commission's complaint. The counts of the criminal indictment to which Paul pled guilty alleged, among other things, that Paul knowingly and willfully used and employed deceptive and manipulative devices and contrivances in connection with the offer and sale of securities, by employing devices, schemes, and artifices to defraud, making untrue statements of material fact, and engaging in transactions, acts, practices, and courses of business which operated as a fraud and deceit upon persons in connection with the purchase and sale of securities relating to purported investments through PEIA.

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 proceedings be instituted to determine:

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

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act; and

IV.

IT IS ORDERED that a public hearing before the Commission for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed by further order of the Commission, pursuant to Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent 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(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.220(b).

IT IS FURTHER ORDERED that the Division of Enforcement and Respondent shall conduct a prehearing conference pursuant to Rule 221 of the Commission's Rules of Practice, 17 C.F.R. § 201.221, within fourteen (14) days of service of the Answer. The parties may meet in person or participate by telephone or other remote means; following the conference, they shall file a statement with the Office of the Secretary advising the Commission of any agreements reached at said conference. If a prehearing conference was not held, a statement shall be filed with the Office of the Secretary advising the Commission of that fact and of the efforts made to meet and confer.

If Respondent fails to file the directed Answer, or fails to appear at a hearing or conference after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him 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 Respondent by any means permitted by the Commission's Rules of Practice.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to service of paper copies, service to the Division of Enforcement of all opinions, orders, and decisions described in Rule 141, 17 C.F.R. § 201.141, and all papers described in Rule 150(a), 17 C.F.R. § 201.150(a), in these proceedings shall be by email to the attorneys who enter an appearance on behalf of the Division, and not by paper service.

Attention is called to Rule 151(a), (b) and (c) of the Commission's Rules of Practice, 17 C.F.R. § 201.151(a), (b) and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed electronically in administrative proceedings using the Commission's Electronic Filings in Administrative Proceedings (eFAP) system access through the Commission's website, www.sec.gov, at <http://www.sec.gov/eFAP>. Respondent also must serve and accept service of

documents electronically. All motions, objections, or applications will be decided by the Commission.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to filing with or disposition by a hearing officer, all filings, including those under Rules 210, 221, 222, 230, 231, 232, 233, and 250 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.210, 221, 222, 230, 231, 232, 233, and 250, shall be directed to and, as appropriate, decided by the Commission. This proceeding shall be deemed to be one under the 75-day timeframe specified in Rule of Practice 360(a)(2)(i), 17 C.F.R. § 201.360(a)(2)(i), for the purposes of applying Rules of Practice 233 and 250, 17 C.F.R. §§ 201.233 and 250.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that the Commission shall issue a decision on the basis of the record in this proceeding, which shall consist of the items listed at Rule 350(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.350(a), and any other document or item filed with the Office of the Secretary and accepted into the record by the Commission. The provisions of Rule 351 of the Commission's Rules of Practice, 17 C.F.R. § 201.351, relating to preparation and certification of a record index by the Office of the Secretary or the hearing officer are not applicable to this proceeding.

The Commission will issue a final order resolving the proceeding after one of the following: (A) The completion of post-hearing briefing in a proceeding where the public hearing has been completed; (B) The completion of briefing on a motion for a ruling on the pleadings or a motion for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, where the Commission has determined that no public hearing is necessary; or (C) The determination that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155, and no public hearing is necessary.

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.

For the Commission, by its Secretary, pursuant to delegated authority.

Vanessa A. Countryman
Secretary