

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101339 / October 15, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22250

In the Matter of

**CHOICE ADVISORS, LLC
AND MATTHIAS
O'MEARA,**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTIONS 15(b)(6), 15B,
AND 15B(c)(2) AND RULE 15Bc4-1 OF
THE SECURITIES EXCHANGE ACT OF
1934 AND NOTICE OF HEARING**

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)(6), Section 15B, Section 15B(c)(2) and Rule 15Bc4-1 of the Securities Exchange Act of 1934 ("Exchange Act") against Choice Advisors, LLC ("Choice") and Matthias O'Meara ("O'Meara") (collectively "Respondents").

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENTS

1. **Choice Advisors, LLC** is a Texas limited liability company with its primary place of business in Houston, Texas as well as operations out of Denver, Colorado. It registered as a municipal advisor with the Commission in August 2018 and with the Municipal Securities Rulemaking Board ("MSRB") in October 2018. But starting in May 2018, when not registered

with the Commission or MSRB, Choice acted as a municipal advisor, as defined by Section 15B(e)(4) of the Exchange Act, to multiple clients including the two schools at issue in this proceeding.

2. **Matthias O'Meara**, 42, resides in Denver, Colorado. He co-founded Choice in May 2018 and has been a partner of Choice since its founding. From June 2014 through May 2018, O'Meara was a registered representative at a broker-dealer registered with the Commission. Starting in May 2018, O'Meara was a municipal advisor and an associated person of Choice, as those terms are defined by Sections 15B(e)(4)(A) and 15B(e)(7) of the Exchange Act and MSRB Rule D-11.

B. ENTRY OF THE INJUNCTION

3. On September 22, 2021, the Commission filed a Complaint against Choice and O'Meara in the United States District Court for the Southern District of California in a civil action entitled *Securities and Exchange Commission v. Choice Advisors, LLC and Matthias O'Meara*, Case No. 21-cv-01669-JO-MSB. The Complaint alleged that in May 2018, O'Meara left his employment at a national municipal underwriting firm to start Choice, a new municipal advisor focused on charter schools. While O'Meara was in the process of leaving the underwriting firm, he entered into an impermissible fee-splitting arrangement with the firm, by making an agreement for Choice to split the underwriter's fees for upcoming bonds involving Choice's municipal advisory clients. O'Meara then proceeded to improperly operate in a dual capacity with respect to two charter school clients, simultaneously acting as a registered representative for the underwriting firm, and also as a municipal advisor purporting to serve as his two clients' fiduciary. Moreover, Choice and O'Meara unlawfully engaged in municipal advisory activities when Choice was not registered with the Commission or the MSRB. O'Meara and Choice then failed to disclose to their clients the conflicts of interest created by O'Meara's dual role and by Choice's unregistered status. The Complaint alleged that this misconduct violated the federal securities laws, including violations by both Respondents of Sections 15B(c)(1) of the Exchange Act and MSRB Rules G-17 and G-42, and further violations by Choice of Section 15B(a)(1)(B) of the Exchange Act and MSRB Rule A-12.

4. On December 1, 2023, the Commission filed a motion for summary judgment, and on December 4, 2023, Choice and O'Meara filed their own motion for summary judgment. On April 15, 2024, the Court ruled on both motions, granting the Commission summary judgment on six of its claims, and denying Choice and O'Meara's motion in its entirety. Specifically, the Court found that Respondents breached their fiduciary duties to their clients by failing to disclose their unregistered status and O'Meara's simultaneous employment with the underwriting firm and Choice, in violation of Section 15B(c)(1) of the Exchange Act and MSRB Rule G-42. The Court also ruled that Respondents' impermissible fee-splitting arrangement with the underwriting firm violated MSRB Rule G-42. The Court further held that Respondents violated MSRB Rule G-17 by failing to deal fairly with their clients. In addition, the Court ruled that Respondents unlawfully engaged in unregistered municipal advisory activity, and that Choice failed to register with the Commission and the MSRB in violation of Section 15B(a)(1)(B) of the Exchange Act and MSRB Rule A-12. Additionally, the Court found that Respondents' violations of the MSRB rules

constituted violations of Section 15B(c)(1) of the Exchange Act's prohibition against engaging in municipal advisory activity in contravention of any MSRB rule.

5. On September 24, 2024, as amended October 7, 2024, the Court entered a final judgment against Choice and O'Meara. Among other things, the final judgment permanently enjoined Choice and O'Meara from future violations of Section 15B(c)(1) of the Exchange Act, and MSRB Rules G-17 and G-42. The final judgment further permanently enjoined Choice from future violations of Section 15B(a)(1)(B) of the Exchange Act and MSRB Rule A-12. The final judgment also imposed the following monetary remedies: (i) against O'Meara, disgorgement in the amount of \$133,149 and prejudgment interest in the amount of \$45,932; (ii) against Choice, disgorgement in the amount of \$79,889 and prejudgment interest in the amount of \$27,559; (iii) against O'Meara, a civil penalty of \$133,149; and (iv) against Choice, a civil penalty of \$79,889.

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 Respondents an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondents pursuant to Sections 15(b)(6), 15B and 15B(c)(2) of the Exchange Act and Rule 15Bc4-1 thereunder.

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 Respondents 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 Respondents 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 Respondents fail to file the directed Answer, or fail to appear at a hearing or conference after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them 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 Respondents 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](http://www.sec.gov/eFAP), at <http://www.sec.gov/eFAP>. Respondents 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