UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-17210

In the Matter of

PAUL LEON WHITE, II,

Respondent.

DIVISION OF ENFORCEMENT'S MEMORANDUM OF LAW IN OPPOSTION TO RESPONDENT'S MOTIONS (1) REQURING THE DIVISION TO SERVE PAPERS VIA THE UNITED STATES POSTAL SERVICE; (2) TO BE REPRESENTED BY A NON-ATTORNEY IN THIS MATTER; (3) TO PROCEED IN FORMA PAUPERIS; AND (4) FOR A MORE DEFINITE STATEMENT

DIVISION OF ENFORCEMENT
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Margaret Spillane
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Securities and Exchange Commission
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New York, New York 10281
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(703) 813-9504 (fax)

May 20, 2016

The Division of Enforcement ("Division") respectfully submits this memorandum of law opposing Respondent's motions, dated May 9, 2016, seeking: (1) to require that the Division serve all papers on him via U.S. Post ("Resp. U.S. Post Br."); (2) to appoint Daniel Miller to represent White as his counsel in this matter ("Resp. Counsel Br."); and (3) to proceed in forma pauperis ("Resp. Forma Pauperis Br.").[1] The Division also opposes Respondent's motion for a more definite statement, dated May 16, 2016, and received by the Division on May 18, 2016 ("Resp. Def. Statement Br.").

I. Respondent's Objection to the Use of UPS is Unfounded

Respondent objects to the Division's service of papers and communications on him via UPS, instead requesting that the Court "recom[m]end" that the Division "refrain from utilizing any delivery service other than USPS." (Resp. U.S. Post Br. at 1.) Respondent's motion is not well founded. The Commission's Rule of Practice 150(c)(3) explicitly allows for service by UPS: "Service shall be made by delivering a copy of the filing" by, inter alia, "sending the papers through a commercial courier service or express delivery service," such as UPS. Indeed, UPS service is highly efficient in matters, such as this one, where Respondent is incarcerated because UPS allows for online tracking of document delivery. Moreover, Respondent acknowledges having been served with the relevant filings and, thus, is hardly prejudiced by the Division's use of UPS.

II. The Court Should Deny Respondent's Request to be Represented by a Non-Attorney in This Matter

Respondent requests that he be represented in this matter by Daniel Miller. (Resp. Counsel Br. at 1.) During the May 13, 2016 telephonic pre-hearing conference,

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[1] The Division received these motions on May 17, 2016.

Respondent informed the Court that Mr. Miller is a fellow inmate at the Clinton Correctional Facility and is not an attorney admitted to practice law. (Tr. of Pre-hearing Conference, May 13, 2016, ("Tr.") at 3-4.)[2] Per the Commission's Rule of Practice 102, an individual respondent can, in the ordinary course, only be represented by an attorney admitted to practice.

> A person shall not be represented before the Commission or a hearing officer except as stated in paragraphs (a) and (b) of this rule or as otherwise permitted by the Commission or a hearing officer
>
> [. . .]
>
> (b) *Representing Others.* In any proceeding, a person may be represented by an attorney at law admitted to practice before the Supreme Court of the United States or the highest court of any State . . . .

Here, Respondent has advanced no well-founded reason of any kind—let alone any case law—to allow him to be represented by a non-attorney.[3] As the Second Circuit has recognized, there is ample reason to bar such non-lawyer representations in civil litigation:

> [T]he conduct of litigation by a nonlawyer creates unusual burdens not only for the party he represents but as well for his adversaries and the court. The lay litigant frequently brings pleadings that are awkwardly drafted, motions that are inarticulately presented, proceedings that are needlessly multiplicative. In addition to lacking the professional skills

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[2] The Division served Respondent White with a copy of the Pre-hearing Conference Transcript on May 18, 2016 by UPS.

[3] Respondent White makes reference the "Assistance of Counsel" set forth in the Sixth Amendment to of the U.S. Constitution. (Resp. Counsel Br. at 1.) However, it is well established that, while "Rule of Practice 102(b) . . . authorizes an individual to appear through counsel, there is no statutory or constitutional right to counsel in" administrative proceedings. In the Matter of the Application of Guang Lu for Review of Disciplinary Action Taken by NASD, Exchange Act Rel. No. 51047, 2005 WL 106888, at *8 n.39 (Comm. Op. Jan. 15, 2005).

> of a lawyer, the lay litigant lacks many of the attorney's ethical responsibilities . . . .

Lattanzio v. COMTA, 481 F.3d 137, 139 (2d Cir. 2007) (citation omitted). Here—in addition to the concerns articulated by the Second Circuit—the fact that Mr. Miller is also incarcerated would only serve to delay these proceedings further.[4] Respondent's request should, therefore, be denied.

III. The Court Should Deny Respondent's Blanket Request for Treatment in Forma Pauperis

Respondent asks that the Court to

> grant him In Forma Pauperis status and issue an Order that any fees associated with copying documents requested in discovery . . . pursuant to 17 C.F.R. 201.230 be provided at no charge as well as issuing an Order that TD Bank release $20,000 to be held in the escrow account of Lee Snead Esq. . . . to be utilized exclusively for expenses associated with Respondent's defense of the ADMINISTRATIVE PROCEEDING, including but not limited to legal assistance fees.

(Resp. Forma Pauperis Br. at 2.)

The Commission's Rules of Practice do not allow for such cost shifting. Rule 230(f) sets out that—while "respondent may obtain a photocopy of any documents made available for inspection" by the Division—it is Respondent who "shall be responsible for the cost of photocopying." Rule 230(f); cf. In the Matter of Byron S. Rainner, IA Rel. No. 2811, 2008 WL 5100855, at **1-2 (Comm. Op. Dec. 2, 2008) (remanding for further proceedings where an incarcerated respondent was not provided with a copy of the investigative file and had "agreed to pay the costs related" to obtaining the file). Indeed,

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[4] In his Forma Pauperis Brief, Respondent indicates that he may have already obtained an attorney, Lee Snead, Esq. (Resp. Forma Pauperis Br. at 1.) Respondent is of course free to be represented by an admitted attorney should he wish.

even under Federal law, a grant of in forma pauperis—for which there is no equivalent in administrative proceedings—does not allow a defendant to shift his discovery costs to the opposing party. See Drum v. Clarke, 6 Civ. 5360 (RBL) (KLS), 2007 WL 1393924, at *4 (W.D. Wash. Apr. 19, 2007) ("The court is also not aware of any cost-shifting authority that requires an opposing party to engage in discovery efforts for another. Despite Plaintiff's in forma pauperis status, he is still obligated to bear the costs of litigating his lawsuit, including his discovery efforts."); Gholson v. United States, 04 Civ. 838 (JPG), 2009 WL 3273201, at *1 (S.D. Ill. Oct. 6, 2009) ("Plaintiff is indigent and has been allowed to proceed in forma pauperis in this case. However, he has no right to have his litigation funded by the defendants or by the public . . . . Third parties, such as the Bureau of Prisons, are not required to provide free services to facilitate litigation; the Court lacks authority for such cost-shifting.") (citations omitted). Here, Respondent has pointed to no rule or decision contravening Rule 230(f) to necessitate requiring the Commission to pay his discovery costs.

As required by Rule 230, the Division has made its investigative file available to Respondent. On April 19, 2016, the Division wrote to White to inform him that the investigative file was available for "inspection and copying." (Letter from Alexander Janghorbani to Paul Leon White, II, Apr. 19, 2016, at 1 (attached hereto as Exhibit A).) Going beyond the requirements of the Rule 230, the Division requested that White contact the staff "to arrange for inspection, copying, or delivery of these documents." (Id.; see also Rule of Practice 230(e) (requiring that "Documents subject to inspection and copying pursuant to this rule shall be made available to the respondent for inspection and copying at the Commission office where they are ordinarily maintained, or at such other place as the

parties, in writing, may agree.")) Respondent White has, to date, neither made a clear response to the Division's offer, nor informed the Division of the best method for providing him with—or any restrictions on his receipt of—the investigative file.[5] Instead, on May 16, 2016, Respondent White wrote to the Division requesting plainly privileged documents:

> I am asking you for the . . . privilege to obtain any confidential documents and/or communications in regard to any matters concerning myself and the afore-described real estate transaction. The documents comprise, but are not limited to: intra and inter-office communications of the SEC, communications with the Suffolk County District Attorney's Office and/or other law enforcement agents including Suffolk County, FBI, U.S. Postal Office and its inspectors, FINRA, criminal complainants, etc.

(Letter from Paul Leon White, II to Alexander Janghorbani, May 16, 2016, at 1 (attached hereto as Exhibit B).) On May 19, 2016, the Division responded to Respondent's letter: (1) indicating that the documents he specifically requested were, on their face, privileged;

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[5] The Division maintains its investigative file in electronic format. That file consists of two universes of data. The first are Recommind files containing approximately 90,000 pages of documents (or approximately 30 banker's boxes). The Division's IT staff obtained a vendor's estimate of the cost of printing to be approximately $6,800 (with an estimated time frame of 48 hours). This estimate is based on the assumption that the Recommind production contains no native Excel spreadsheets or other files that may increase the size, cost, and timing of printing.

The second data set consists of approximately 15 pieces of media that White himself produced to the Commission. This media has not been loaded to Recommind. However, the Division has preserved this data, in both its original format and on two hard drives. IT staff informed the Division that these hard drives contain approximately 845 GB of data. It is difficult to estimate the exact page count without incurring the cost of processing the files for printing. However, to provide cost examples, the staff has obtained the follow vendor estimates: (1) assuming that the data consists of images files such as PDF or TIFF images, printing the production would yield approximately 8.45 million pages at an approximate cost of $507,000 (with an estimated time frame of 4-6 weeks); and (2) assuming that the data consist of electronically stored data such as emails, Word documents, and Excel spreadsheets, printing the production would yield approximately 63.4 million pages at an approximate cost of $3.8 million (with an estimated time frame of 6-8 weeks).

(2) referring Respondents to the list of documents withheld for privilege that the Division sent to Respondent on April 19, 2016; (3) reiterating its offer to make available to him the non-privileged investigative file; and (4) asking that he inform the Division how he would like to arrange for the receipt or viewing of such non-privileged files, consistent with the rules of the Clinton Correctional Facility. (Letter from Alexander Janghorbani to Paul Leon White, II, May 19, 2016, at 1, attached hereto as Exhibit C.) The staff further informed Respondent White: (1) that it would send the electronic files to him or a representative at no cost to him; (2) that the Division would make a computer, loaded with the files, available for viewing at its office at a mutually agreeable time; or (3) that Respondent could arrange to have the electronic files printed at his own cost pursuant to Rule 230(f). (Id., at 1-2)

The Division stands ready to make its investigative file available to White. However, producing the full investigative file to Respondent White in paper format—and at the Division's expense—is not required by the Rules. Moreover, such a protocol is neither reasonable from a cost and time perspective, nor practical given the information the Division has received from the Clinton Correctional Facility.[6] Thus, should White wish to request the non-privileged portions of the investigative file and be unwilling or unable to pay for printing and arrange for delivery, the Division proposes, as a reasonable

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[6] White has not notified the Commission of (1) the format that he would like the data in; or (2) any restrictions that may be placed on his receipt of electronic or hard-copy data in the Clinton Correctional Facility. However, Division staff, on its own initiative, contacted the Clinton Correctional Facility. The Facility informed the staff that there are restrictions on White's receipt of electronic data. The Facility further stated that its staff is checking into what restrictions are in place concerning voluminous hard-copy materials, and requested that the Division not send voluminous hard copy documents to the Facility until its staff reverts to us concerning any such restrictions.

accommodation, that it makes its electronic files available to a non-incarcerated representative of White. See In the Matter of Joseph P. Galluzi, Exchange Act Rel. 46405, 2002 WL 1941502, at *4 n.27 (Aug. 23, 2002) (acknowledging the Division's compliance with Rule 230 by providing incarcerated respondent's representative with access to investigative file); In the Matter of James S. Tagliaferri, ID Rel. No. 985, 2016 WL 1158233, at *5 (Mar. 23, 2016) (offering to provide hard drive to an incarcerated respondent's designee satisfies Rule 230).

Finally, White requests that the Court "Order that TD Bank release $20,000 . . . to be utilized exclusively for expenses associated with Respondent's defense." (Resp. Forma Pauperis Br. at 2.) At the May 13, 2016 pre-hearing conference, the Court denied that request. (Tr. at 10 ("I think you alternatively asked for an order releasing funds from TD Bank[]. I don't have the power to issue that Order, so that request is denied").) There is no reason to re-visit it now.

IV. The Court Should Deny Respondent's Request for a More Definite Statement

Respondent seeks a more definite statement concerning a host of issues: (1) the authority, federal or state, that Professional Investment Advisors Inc. or Respondent be registered as an investment adviser; (2) the "specific sections" of the Exchange Act and Advisers Act that Respondent is being accused of violating; (3) "the particular reasons why the SEC believes that it is 'in the public interest' that Respondent be barred"; and (4) the authority for the Commission to commence an administrative proceeding against Respondent. (Resp. Def. Statement Br. at 1-2.) Each request reflects either a misreading of the Order Instituting Proceedings ("OIP") in this case or the Division's obligations at this stage of the proceeding.

Under Rule 220(d),

> A party may file with an answer a motion for a more definite statement of specified matters of fact or law to be considered or determine. Such motion shall state the respects in which, and the reasons why, each such matter of fact or law should be required to be made more definite.

Rule 220(d). The OIP need only "set forth the factual and legal basis alleged . . . in such detail as will permit a specific response thereto." In the Matter of Rita J. McConville, AE Rel. No. 2271, 2005 WL 1560276, at *14 (Comm. Op. June 30, 2005) (quotation marks and citation omitted). In other words, "[t]he OIP must inform the respondent of the charges in enough detail to allow the respondent to prepare a defense, but it need not disclose to the respondent the evidence upon which the Division intends to rely." Id. (citation omitted). Here, the OIP adequately apprises Respondent of the basis for the Commission's action.

Exchange Section 15(b)(6) provides that the Commission may bar from association with various securities-related industries (1) a respondent who at the time of the alleged misconduct was associated with a broker or dealer (Exchange Act, § 15(b)(6)); (2) if such bar is in the public interest (id.); and (3) respondent has, inter alia, been convicted, "within 10 years of the commencement of the proceedings" of "any felony or misdemeanor . . . which the Commission finds":

(1) "involves the purchase or sale or any security";

(2) "arises out of the conduct of the business or a broker, dealer . . . [or] investment adviser"; or

(3) "involves the larceny, theft . . . fraudulent concealment . . . or misappropriation of funds . . . ."

Exchange Act, §§ 15(b)(4)(i), (ii), (iii), 15(b)(6). Advisers Acts Section 203(f) contains analogous provisions applicable to a respondent who, at the time of violations, was an investment adviser or associated with an investment adviser. See Advisers Act, § 203(f);

see also id., § 203(e)(2), 203(e)(3) (allowing for bars based on conviction of "any crime that is punishable by imprisonment for 1 or more years . . . .").[7]

The OIP alleges facts in support of each of these elements:

- White was associated with a registered broker-dealer, "including the period during which he engaged in the conduct alleged in the criminal action." (OIP, ¶ 1);
- White held himself out as an investment adviser, "in connection with his 100% ownership and control of Professional Investment Advisors, Inc., a corporation acting as an unregistered investment adviser." (Id.);
- White was indicted in the New York Supreme Court for eight counts of "grand larceny" and one count of "scheme to defraud." (Id., ¶ 2);
- White's crimes involved securities. Specifically, the District Attorney accused White of "soliciting clients to invest approximately $3 million in a pooled real estate investment" and a "real estate investment trust," and making false statements in connection therewith. (Id.); and
- White was convicted on December 5, 2014 "of seven counts of grand larceny . . . and one count of scheme to defraud." (Id., ¶ 3.)

Thus, the OIP adequately alleges facts sufficient to support each relevant element of a follow-on administrative proceeding based on White's prior conviction. White's motion for a more definite statement should, therefore, be denied.

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[7] Contrary to Respondent's suggestion in his motion (Resp. Def. Statement Br. at 1 (seeking all authority for the requirement that Respondent be registered)), such provisions do not require that a respondent be associated with a registered investment adviser, but merely an "investment adviser" of any kind. See Advisers Act, § 203(f); see also Teicher v. SEC, 177 F.3d 1016, 1017-18 (D.C. Cir. 1999) ("No language" in Advisers Act Section 203(f) "remotely suggests that its application is limited to 'registered' investment advisers."); In the Matter of Michael Batterman, ID Rel. No. 246, 2004 WL 2387487, at *8 (Feb. 12, 2004) ("A bar prohibiting an individual from associating with an investment adviser applies to associations with all investment advisers, registered and unregistered") (citations omitted).

CONCLUSION

For the foregoing reasons, the Division respectfully requests that the Court deny Respondent's motions.

Dated: May 20, 2016
New York, New York

Respectfully submitted,

Alexander Janghorbani
Margaret Spillane
Securities and Exchange Commission
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Brookfield Place
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DIVISION OF ENFORCEMENT

EXHIBIT A

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
NEW YORK REGIONAL OFFICE
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200 VESEY STREET, ROOM 400
NEW YORK, NY 10281-1022

Alexander Janghorbani
WRITER'S DIRECT DIAL
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April 19, 2016

By UPS

Paul Leon White, II
[redacted]
P.O. [redacted]
Dannemora, New York [redacted]

Re: In the Matter of Paul Leon White, II, Admin. Proc. File No. 3-17210

Dear Mr. White:

In connection with the above-captioned matter, please find enclosed: (1) the 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, dated April 15, 2016; (2) the Service List;(3) a letter addressed to you from Brent J. Fields, Secretary of the Securities and Exchange Commission ("Commission"), dated April 15, 2016; and (4) a certificate of service of the above documents.

Pursuant to Rule 230(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.230(a), I am also writing to notifying you that the documents collected in the Division of Enforcement's ("Division") investigation that led to the institution of this administrative proceeding are available for your inspection and copying (except for documents withheld on privilege grounds).[1] Please call me at (212) 336-0177 to arrange for inspection, copying, or delivery of these documents.

In addition, pursuant to the Commission's Rule of Practice 230(b)(2), 17 C.F.R. § 201.230(b)(2), I write to inform you that the Division and other Commission staff prepared memoranda and notes of witness interviews that may potentially constitute material as to certain theories of liability or relief pursuant to Brady v. Maryland, 373 U.S. 83 (1963) and its progeny.[2]

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[1] The Division is attaching a list of categories of documents withheld pursuant to Rule of Practice 230(b)(1)(i)-(iv) hereto as Exhibit A.

[2] References to "statements" herein are to passages derived from notes and memoranda prepared by the Division and other Commission staff. Such notes and memoranda (1) are not written statements made and signed, or otherwise adopted, by said witness; (2) are not substantially verbatim recitals of a witness' oral statements made contemporaneously with the making of such oral statements; and (3) do not reflect statements made by a witness to a grand jury.

The Division does not hereby acknowledge or concede that any statement below is material, exculpatory, and/or relevant either in itself, or when taken together with other evidence, but has identified them out of an abundance of caution. The Division expressly reserves the right to dispute any assertion that any of the statements below are, in fact, material, exculpatory, or relevant. Furthermore, by describing these statements, the Division does not waive, and specifically reserves, any applicable privilege as to internal notes of interviews and related communications, including any applicable work-product, attorney-client, law-enforcement privilege, or other applicable privilege; nor is this letter itself admissible as evidence in this (or any other) proceeding for any purpose.

Albert Abney

According to staff notes, Albert Abney made the following statements:

Abney was not sure if Paul White told him about commissions, that he did not always understand what he was told, and that he was confused at times.

Debbie Clary

According to staff notes, North Carolina State Senator Debbie Clary wrote a letter, dated January 20, 2010, to Mary Shapiro, then-Commission Chairman, stating that FINRA Examination Manager Craig Thomson was overstepping his bounds as a securities regulator by looking into a real estate matter, the John Cline Reservoir transaction. Ms. Clary also stated that she believed that Mr. Thomson was doing so for personal reasons.

James Gaul

According to staff notes, James Gaul made the following statements:

New York State does not allow registered representatives to be registered as investment advisory representatives. Gaul further stated that New York State only requires that the firm be registered as an investment advisory firm.

Brian Lureen

According to staff notes, Brian Lureen made the following statements:

New York does not make individuals register as investment advisers, only pass the appropriate test.

He believes that White is an investment advisor due to the fact that he has passed the Series 66 examination. However, White is not registered with Heritage Advisory Services, Inc.

Dean Del Prete

According to staff notes, Dean Del Prete made the following statements:

One year after his John Cline Reservoir, LLC investment, he received a letter from Paul White in which it was disclosed that White took a 10% commission. Mr. Del Prete could not believe this as White never disclosed this previously and had represented that any commission was paid by a third party.

Cathleen Nolan

According to staff notes, Cathleen Nolan made the following statements:

Nolan stated to Dean Del Prete and Sal Saverino that she did not want to lose her law license or see White go to jail.

Paul White

According to staff notes, Paul White made the following statements:

White agreed with the SEC's stance on the No Action Letter submitted by Luce Forward, attorney for OMNI Brokerage, Inc., Argus Realty Investors, L.P., and PASSCO Companies, LLC. White further stated that this letter was set up through a master lease in which the sponsor does all of the work, which satisfies the fourth prong of the Howey Test, "through the efforts of others." White added that in his deals, the master lease structure is organized so the owners (investors) have control over many decisions, thereby circumventing the fourth aspect of the Howey Test. White conducts his outside real estate fractional deeded ownership deals through Professional Real Estate Advisors.

White left Alternative Wealth Strategies, Inc. ("AWSI") because the owner, James Gaul, had committed fraud by attracting individuals to his firm by stating that it was a registered investment advisory ("RIA") firm when it in fact was not. White added that Gaul now has an affiliated RIA, but not at the time White began with AWSI. He added that he personally knows numerous individuals who lost their Series 65/66 licenses due to Gaul's fraud. White stated that he did not lose his Series 66 license because New York recognizes anyone who has a Series 65/66 as an investment advisor.

White does not charge clients a fee for managing their monies. He would have to sign an investment advisor representative agreement in order to do so.

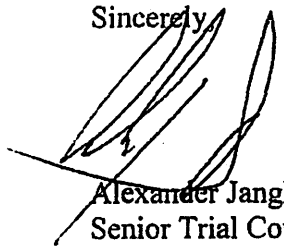
White does not refer to himself as any particular title (like investment advisor or planner); he just operates under his Professional Investment Advisors, Inc. name.

White firmly believes that non-securitized fractional deeded ownership real estate does not constitute a security under the Securities Act of 1933 in that it fails to meet all four prongs of the Howey test, and therefore, is outside securities regulators' jurisdiction. White does agree with the Commission's stance against Luce Forward's (law firm) no-action letter because the structuring presented in that letter is fundamentally different than the structuring of his deals.

White's fractional deeded ownership real estate deals are purely real estate transactions and fall outside the purview of securities regulation. He is submitting a No Action Letter to the Commission clarifying his position.

* * *

Sincerely,



Alexander Janghorbani
Senior Trial Counsel

Enclosures

EXHIBIT A

List of Withheld Documents by Category Pursuant to Rule of Practice 230(c)
In the Matter of Paul Leon White, II, Admin. Proc. File No. 3-17210

Documents Not Produced	**Basis**
Communications between and among Securities and Exchange Commission ("SEC") staff members and with the SEC.	Law Enforcement Privilege ("LE") Attorney-client Privilege ("AC") Work Product Protection ("WP") Deliberative Process Privilege ("DP") Securities Exchange Act of 1934, § 24(f) Privilege ("24(f)")
Drafts and final versions of internal memoranda, outlines, and analyses prepared by SEC staff.	LE, WP, AC, DP
Drafts of SEC external correspondence and litigation papers.	LE, WP, AC
Communications between the SEC staff and representatives of law enforcement and regulatory agencies.	LE, WP, AC, 24(f)
Notes and memoranda authored by SEC attorneys or others working at their direction, including but not limited to non-verbatim notes of witness interviews, internal communications, and notations on documents.	LE, WP, AC
Draft and final examination findings authored by staff of the SEC's Office of Compliance Inspections and Examinations.	LE, WP, AC, DP, SEC Rule of Practice 230(a)(1)(iv) & (b)(1)(ii)
Documents in the possession of the SEC's Office of Compliance Inspections and Examinations, which have not been obtained or reviewed by the SEC's Division of Enforcement.	SEC Rule of Practice 230(a)(1)
Attorneys' legal research, including court and Commission opinions compiled by the staff.	LE, WP, AC, DP
Various Commission computer records, including selected court opinions compiled by	LE, WP, AC, DP

SEC staff attorneys and Tips Complaints and Referrals.	

EXHIBIT B

Paul Leon White II, [redacted]
[redacted]
Dannemora, NY [redacted]

Alexander Janghorbani
U.S. S.E.C.
200 Vesey Street, Suite 400
New York, NY 10281

Re: Request for "Open File" agreement between parties

May 16, 2016

Dear Mr. Janghorbani,

The purpose of this letter is to request your permission that we both stipulate to a "open file" agreement between both parties such that we can expedite discovery and if neither party has anything to hide, they such agree to this for of openess of discovery. I, as Respondent in Administrative Proceeding File No. 3-17210, will authorize you to obtain any any all documents in my care, custody, control or access thereto in refernce to the civil and/or criminal cases concerning the real estate transaction in North Carolina which is the underlying theme of this Proceeding. In addition, I will waive my attorney-clinet priviledge and allow you to obtain copies of any confidential communications between myself and any of the attorneys that represented me or any of the companies of which I am an officer or managing member. The confidential communications include but are not limited to: attorney work products, notes, attorney-client communications and virtually anything else you desire. I have always believed that if a person does nothing wrong, there should be nothing to hide.

Conversely, I am asking you for the same privildge to obtain any confidential documents and/or communications in regard to any matters concerning myself and the afore-described real estate transaction. The documents comprise, but are not limited to: intra or inter-office communications of the SEC, communications with the Suffolk County District Attorney's Office and/or other law enforcement agents including Suffolk County, FBI, U.S. Postal Office and its inspectors, FINRA, criminal complainants etc.

Your promptresponse is respectfully requested.

EXHIBIT C

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
NEW YORK REGIONAL OFFICE
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NEW YORK, NY 10281-1022

Alexander Janghorbani
WRITER'S DIRECT DIAL
TELEPHONE: (212) 336-0177
JanghorbaniA@sec.gov

May 19, 2016

By UPS

Paul Leon White
[redacted]
Dannemora, New York [redacted]

Re: In the Matter of Paul Leon White, II, Admin. Proc. File No. 3-17210

Dear Mr. White:

I am in receipt of your letter of May 16, 2016, requesting that the Division of Enforcement ("Division") make available to you:

> [A]ny confidential documents and/or communications in regard to any matters concerning myself and the afore-described real estate transaction. The documents comprise, but are not limited to: intra and inter-office communications of the SEC, communications with the Suffolk County District Attorney's Office and/or other law enforcement agents including Suffolk County, FBI, U.S. Postal Office and its inspectors, FINRA, criminal complainants, etc.

The specific documents you request appear—on their face—to be privileged as set out in the "List of Withheld Documents by Category," which the Division sent to you by UPS on April 19, 2016. The Division will, therefore, not be able to comply with your request to produce privileged materials.

However—as initially set out in my April 19, 2016 letter to you—I reiterate that the non-privileged documents collected in the Division's investigation are available for your inspection and copying. Please let me know as soon as possible if you would like to arrange for inspection, copying, or delivery of these documents. Per Rule of Practice 230(f) you are "responsible for the cost of photocopying" of the documents made available for inspection.[1] You are, of course, free

[1] Pursuant to Rule 230(f), the Division is not responsible for the the cost of printing out the electronic files into hard copy productions. The Division's electronically-maintained file consists of two universes of data. The first are Recommind files containing approximately 90,000 pages of documents (or approximately 30 banker's boxes). The Division's IT staff obtained a vendor's estimate of the cost of printing to be approximately $6,800 (within an estimated time frame of 48 hours). This estimate is based on the assumption that the Recommind

to retain a vendor, at your own expense, to process and print this electronic data should you wish. However, the Division is willing to deliver electronic versions of its non-privileged files to you or your designated representative free of charge.[2] Should you wish the Division to send you electronic copies of its non-privileged files, please confirm the best way to do so consistent with the rules of the [redacted]. The Division is also willing to make electronic versions of such documents available for viewing at our office by your designated representative at a mutually agreeable time.

The Recommind files are comprised of non-privileged documents compiled by the Securities and Exchange Commission, as well as documents produced by First National Qualified Intermediary, Inc., John Cline Reservoir LLC, Professional Investment Advisors, Inc., Paul White, Optimum Online, FINRA, Bank of America, TD Bank, Alternative Wealth Strategies, Inc., and Heritage Financial Systems, Inc. (See n.1 for a description of the Division's electronically-stored files.) Please let me know if you would like a subset of these documents on a by-producing party basis (subject to the same conditions discussed above).

Sincerely,

Alexander Janghorbani
Senior Trial Counsel

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production contains no native Excel spreadsheet or other files that may increase the size, cost, and timing of printing.

The second data set consists of approximately 15 pieces of media that you produced to the Securities and Exchange Commission. This media has not been loaded to Recommind. However, the Division has preserved this data, in both its original format and on two hard drives. IT staff informed the Division that these hard drives contain approximately 845 GB of data. It is difficult to estimate the exact page count without incurring the cost of processing the files for printing. However—to provide costs examples for your information—the staff has obtained the follow vendor estimates: (1) assuming that the data consists of images files such as PDF or TIFF images, printing the production would yield approximately 8.45 million pages at an approximate cost of $507,000 (within an estimated time frame of 4-6 weeks); and (2) assuming that the data consist of electronically stored data such as emails, Word documents, and Excel spreadsheets, printing the production would yield approximately 63.4 million pages at an approximate cost of $3.8 million (within an estimated time frame of 6-8 weeks).

[2] See In the Matter of Joseph P. Galluzi, Exchange Act Rel. 46405, 2002 WL 1941502, at * 4 n.27 (Aug. 23, 2002) (acknowledging the Division's compliance with Rule 230 by providing incarcerated respondent's representative with access to investigative file); In the Matter of James S. Tagliaferri, ID Rel. No. 985, 2016 WL 1158233, at *5 (Mar. 23, 2016) (same).

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-17210

In the Matter of

PAUL LEON WHITE, II,

Respondent.

Certificate of Service

I hereby certify that I served the Division of Enforcement's Memorandum of Law in Opposition to Respondent's Motions (1) Requiring the Division to Serve Papers Via the United States Postal Service; (2) to be Represented by a Non-Attorney in This Matter; (3) to Proceed in Forma Pauperis; and (4) for a More Definite Statement, dated May 20, 2016, on this 20th day of May, 2016, on the below parties by the means indicated:

Paul Leon White
[redacted]
Dannemora, New York [redacted]
(By UPS)

Brent Fields, Secretary
Office of the Secretary
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549-2557
(By UPS (original and three copies))

The Honorable James E. Grimes
Administrative Law Judge
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-2557
(By Email and UPS)

Alexander Janghorbani
Senior Trial Counsel