

UNITED STATES OF AMERICA
before the
SECURITIES EXCHANGE COMMISSION

In the Matter of the Application of

PAUL H. GILES, CRD# 2041288

In Support of Motion to Consolidate
Applications for Review of Statutory
Disqualification

REPLY IN SUPPORT OF MOTION TO CONSOLIDATE
APPLICATIONS FOR REVIEW OF STATUTORY DISQUALIFICATION

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REPLY ARGUMENT

I. The First Application and Second Application involve the same legal question and are based on the same fact pattern.

Mr. Giles and FINRA agree that the application for review Mr. Giles filed on April 21, 2021 (the “First Application”) involves the same legal issue as the application for review Mr. Giles filed on October 21, 2021 (the “Second Application”). FINRA’s Opposition to the Motion to Consolidate states as much: “the two appeals share a legal issue—whether Giles is statutorily disqualified because he remains prohibited from engaging in certain insurance activities pursuant to state insurance regulators’ orders, and thus is effectively barred” FINRA attempts to differentiate between Mr. Giles’ California and Kentucky insurance license revocations factually by focusing on the minutia of how or whether Mr. Giles could re-apply for and re-obtain each license. Yet these attempts miss the mark because they focus on the reapplication process and ignore the initial license revocations, which is the basis for both the First Application and Second Application.

The Default Decision and Order of Revocation filed by the California Department of Insurance that revoked Mr. Giles’ insurance license in California (the “California Default Order”) is effectively the same as the Order Revoking License filed by the Commonwealth of Kentucky Department of Insurance (the “Kentucky Order”). The California Default Order and the Kentucky Order both revoked Mr. Giles’ state insurance licenses based on unanswered inquiries from over a decade ago. Both orders are clear that they were revocations, not bars from the insurance industry. Neither the California Default Order or the Kentucky Order prevented Mr. Giles from now re-applying new state insurance licenses. In fact, Mr. Giles has re-obtained insurance licenses in California and Kentucky for the sole purpose of proving to FINRA that he could. FINRA responded to the issuance of these new licenses by arguing that neither include all of the previously

issued lines of authorities so the statutory disqualification should remain in effect. While Mr. Giles disagrees with FINRA's absurd logic, the point remains that FINRA is taking the same factual position with respect to both the California Default Order and the Kentucky Order.

The legal questions at issue in the First Application and Second Application are the same as are the fact patterns presented. Accordingly, the applications would benefit from consolidation.

II. The First Application encompasses the Kentucky Order.

On May 6, 2021, FINRA notified Ameriprise Financial that Mr. Giles was subject to additional disqualifying events beyond just the California Default Order (the "Additional Disqualifying Notice"). The Additional Disqualifying Notice stated: "In addition to our letter dated on March 24, 2021, FINRA has determined that Paul Giles is subject to two additional disqualifying events, as defined in Section 3(a)(39) of the Securities Exchange Act of 1934." The Additional Disqualifying Notice specifically identified the Kentucky Order as a basis for Mr. Giles' already existing statutory disqualification. Because Mr. Giles had already initiated the First Application to overturn his statutory disqualification, he reasonably believed a second application for review was not necessary. Mr. Giles requests that the Commission overturn FINRA's statutory disqualification decision once, not twice.

FINRA also suggested that the Kentucky Order was part of the First Application when it tied the deadline for Mr. Giles to respond to the Additional Disqualifying Notice to Mr. Giles' Motion to Stay the FINRA Statutory Disqualification ("Motion to Stay"), which Mr. Giles filed in the First Application. FINRA set the deadline to respond to both the initial notice of disqualification and the Additional Disqualifying Notice as "no later than 13 days from the SEC's ruling on this Motion [to Stay]." Moreover, FINRA's decision to delay the impact of the Additional Disqualifying Notice until after the Commission ruled on the Motion to Stay presumably meant

that if the Commission granted a stay of the First Application, the stay would also apply to the Additional Disqualifying Notice. FINRA cannot sever the relationship between the First Application and the Second Application simply because the Commission did not grant the Motion to Stay.

Finally, Mr. Giles and FINRA both included the Additional Disqualifying Notice in their briefing for the First Application. In fact, FINRA attached the Kentucky Order to its opposition brief filed on July 26, 2021.

FINRA's actions indicate that that the First Application encompasses the Kentucky Order. Nevertheless, Mr. Giles has no objection to FINRA submitting additional briefing regarding the Kentucky Order to the extent FINRA believes it necessary.¹ Mr. Giles' goal in consolidating the First Application and Second Application is not to hinder FINRA's ability to provide briefing or make arguments. Rather, Mr. Giles' goal is to consolidate the applications to promote efficiency, avoid unnecessary cost or delay, and avoid the potential for inconsistent decisions.

¹ Mr. Giles would request an opportunity to respond to any additional briefing to the extent it raises any new issues not previously addressed.

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January 4, 2022

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished to the following via the SEC portal this 4th day of January 2022:

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s/ Lawton R. Graves

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