

UNITED STATES OF AMERICA
BEFORE THE
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
ADMINISTRATIVE PROCEEDING
File No. 3-21790

IN THE MATTER OF

ERIC CHRISTOPHER CANNON,

RESPONDENT.

**RESPONDENT ERIC
CHRISTOPHER CANNON'S
ANSWER TO ORDER
INSTITUTING
ADMINISTRATIVE
PROCEEDINGS PURSUANT TO
SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT
OF 1934**

Pursuant to Rule 220 of the Securities and Exchange Commission’s (“SEC” or the “Commission”) Rules of Practice (17 C.F.R. § 201.220), Respondent Eric Christopher Cannon (“Mr. Cannon”), through his undersigned counsel, respectfully submits this Answer to the Order Instituting Administrative Proceedings (“OIP”) dated October 31, 2023.

INTRODUCTORY STATEMENT

By answering the allegations below, Mr. Cannon does not intend to waive his right to amend this Answer to provide such substantive answers and affirmative defenses, if necessary.

ANSWER

I.

Section I of the OIP asserts legal conclusions and/or a statement of the action that do not require a response. Should a response be required, Mr. Cannon denies the allegations.

II.

1. Answering Paragraph 1 of the OIP, Mr. Cannon states that he was a sales agent with Pacific West Capital Group, Inc. (“Pacific West”) and did engage in the sale of fractionalized interests in universal life insurance policies offered by Pacific West and the PWCG Trust. Mr. Cannon denies the remaining allegations in this paragraph.

2. Answering Paragraph 2 of the OIP, Mr. Cannon states that a final judgment was entered against him on August 10, 2023 in the in the civil action entitled *Securities and Exchange Commission v. Pacific West Capital Group, Inc., et al.*, Civil Action Number 2:15-CV02563-DDP-ASx, in the United States District Court for the Central District of California. However, Mr. Cannon further states that due to SEC Staff error that final judgment was amended, and the court entered an amended final judgment on December 13, 2023. Finally, Mr. Cannon states that

he has appealed both the final judgment and the amended final judgment to the 9th Circuit Court of Appeals, and that appeal remains ongoing.

3. Answering Paragraph 3 of the OIP, Mr. Cannon states that the Commission's Complaint speaks for itself and is the best evidence of its contents. However, Mr. Cannon states that Paragraph 3 misstates the allegations in the Commission's Complaint and denies Paragraph 3 to the extent it is inconsistent with the Complaint.

III.

Section III of the OIP contains no factual allegations that require a response. To the extent that these remaining paragraphs otherwise contain factual allegations requiring a response, Mr. Cannon denies the allegations.

AFFIRMATIVE DEFENSES

Mr. Cannon asserts the following affirmative defenses and reserves the right to amend the Answer to assert additional affirmative defenses when and if, in the course of his investigation, discovery, or preparation for trial it becomes appropriate to assert such affirmative defenses. In asserting these defenses, Mr. Cannon does not assume the burden of proof for any issue that would otherwise rest on the Division of Enforcement.

FIRST AFFIRMATIVE DEFENSE

The OIP fails to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

The OIP fails to state facts sufficient to allege a violation by Mr. Cannon of the Exchange Act or any Rule promulgated thereunder.

THIRD AFFIRMATIVE DEFENSE

This Administrative Proceeding is barred by the applicable statute of limitations of 28 U.S.C. § 2462.

FOURTH AFFIRMATIVE DEFENSE

This Administrative Proceeding is barred by the doctrine of waiver.

FIFTH AFFIRMATIVE DEFENSE

This Administrative Proceeding violates the Due Process Clause of the United States Constitution.

SIXTH AFFIRMATIVE DEFENSE

This Administrative Proceeding violates Articles I and II of the United States Constitution.

SEVENTH AFFIRMATIVE DEFENSE

This Administrative Proceeding violates the Seventh Amendment to the United States Constitution.

EIGHTH AFFIRMATIVE DEFENSE

The initiation of this Administrative Proceeding is arbitrary, capricious, and selective prosecution.

NINTH AFFIRMATIVE DEFENSE

The Commission's claims against Mr. Cannon are barred, in whole or in part, because Mr. Cannon at all times and with respect to all matters contained herein acted in good faith, exercised reasonable care, and acted in reasonable reliance upon the work, opinions, information, representations, and advice of others upon whom he was entitled to rely.

WHEREFORE, Mr. Cannon prays for judgment as follows:

1. That the Order Instituting Administrative Proceedings against Mr. Cannon be dismissed with prejudice;
2. For such relief as this Commission may deem proper.

Dated: January 17, 2024

Respectfully submitted,

/s/ Nicolas Morgan
Nicolas Morgan
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Los Angeles, CA 90071
Attorneys for Respondent,
Eric Christopher Cannon

CERTIFICATE OF SERVICE

In accordance with 17 C.F.R. §§ 201.150, 201.151, I certify that a copy of Respondent Eric Christopher Cannon’s Answer to Order Instituting Administrative Proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 was served on the following on January 17, 2024, via the method indicated below:

VIA EMAIL

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Dated: January 17, 2024

/s/ Nicolas Morgan

Nicolas Morgan