

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21790**

**In the Matter of**

**ERIC CHRISTOPHER  
CANNON,**

**Respondent.**

**MOTION TO AMEND THE ORDER  
INSTITUTING PROCEEDINGS**

February 7, 2024

Donald W. Searles  
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Division of Enforcement  
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On October 31, 2024, the Securities and Exchange Commission (“Commission”) issued an order instituting proceedings (“OIP”) against Eric Christopher Cannon (“Respondent”) pursuant to Section 15(b) of the Securities Exchange Act of 1934. On January 17, 2024, Respondent filed an answer and, on January 19, 2024, filed a motion for an order dismissing or staying the proceedings. In both his answer and motion, Respondent contends that the OIP misstates or mischaracterizes the complaint’s allegations in the underlying federal civil litigation and does not acknowledge the operative judgment in that action is an amended judgment entered against Respondent on December 13, 2023. As a result, in an Order dated January 26, 2024, the Commission requested briefing from the parties regarding whether the OIP contains any errors and, if so, whether the OIP should be amended.

In its opposition to Respondent’s motion to dismiss, filed with the Commission on January 24, 2024, the Division of Enforcement addressed Respondent’s assertion that the OIP mischaracterized the allegations in the complaint in the underlying securities action, *Securities and Exchange Commission v. Pacific West Capital Group, Inc., et al.*, Civil Action Number 2:15-CV-02563-DDP-ASx (C.D. Cal.). Respondent contends that the OIP falsely asserts that the Commission’s complaint alleged that he “effected transactions” in the form of fractionalized interests in life settlements and received transaction-based compensation in the form of commissions totaling \$485,000. Respondent is correct that the complaint does not use the phrase “effected transactions.” Rather, the complaint alleges that Respondent “used the mails and the means and instrumentalities of interstate commerce, to effect transactions in, or induct or attempt to induce the purchase or sale of securities, without registering [ ] with the Commission as a broker.” Dkt. No. 1, ¶ 115 (emphasis added); *see also, id.*, at ¶ 94 (Respondent, “used the means

and instrumentalities of interstate commerce to effect the offer, sale and issuance of the life settlements”); ¶ 97 (Respondent acted as a broker “by effecting transactions in life settlements for the account of others by soliciting investors, providing investors with disclosure documents, and participating in taking investors’ orders”). Respondent is also correct that the complaint does not allege that he received \$485,000 in commissions; rather, it alleges that he received \$658,000 in commissions (*id.*, ¶ 103), which Respondent admitted in his answer to the complaint. Dkt. No. 64, ¶ 103. Respondent is also correct that an amended final judgment was entered against him on December 12, 2023 (Dkt. No. 600), approximately six weeks after the OIP was issued, to correct the amount of disgorgement that was ordered in the final judgment that was entered against him on August 10, 2023 (Dkt. No. 561).

Without addressing whether any of these issues cause any prejudice to Respondent, the Division of Enforcement hereby moves to amend the OIP to clarify that through his conduct Respondent used the means and instrumentalities of interstate commerce to “effect transactions in” unregistered securities, rather than the current language “effected transactions in”; to delete any reference to the exact amount of transaction-based compensation he received; and to make clear that an amended judgment was entered against him, after the OIP was issued, which reimposed the permanent injunction against him on August 10, 2023.

Commission Rule of Practice 200(d)(1) provides that “[u]pon motion by a party, the Commission may, at any time, amend an order instituting proceedings to include new matters of fact or law.” 17 C.F.R. § 201.200(d)(1). Such amendments to OIPs “should be freely granted, subject only to the consideration that other parties should not be surprised, nor their rights prejudiced.” *Edward Haynes*, Advisers Act Release No. 6172, AP File No. 3-22068, 2002 SEC LEXIS 2852 (Oct. 31, 2022) (quoting *Steven Wise*, Exchange Act Release No. 48850). Here,

amending the OIP to clarify the allegations of the complaint and to make clear that an amended final judgment was entered against Respondent after the OIP was issued are facts of which the Commission could take official notice (*see* Rule of Practice 323, 17 C.F.R. § 201.323) and will not surprise or prejudice Respondent as he is already be aware of the terms of the Commission’s complaint and the amended final judgment entered against him.

The Division of Enforcement has met and conferred with counsel for Respondent regarding the Division’s motion to amend, as well as the proposed revised language at II.B.2 of the amended OIP. Respondent’s counsel does not oppose the Division’s motion to amend and agrees that the language of II.B.2 accurately summarizes the proceedings in the district court and the Commission’s complaint.

DIVISION OF ENFORCEMENT  
By its Attorneys:



Donald W. Searles  
Kathryn C. Wanner

**In the Matter of Eric Christopher Cannon**  
Administrative Proceeding File No. 3-21790  
**SERVICE LIST**

Pursuant to Commission Rule of Practice 151 (17 C.F.R. §201.151), I certify that the attached:

**MOTION TO AMEND THE ORDER INSTITUTING PROCEEDINGS**

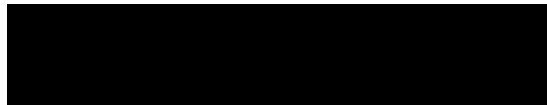
was served on February 7, 2024, upon the following parties as follows:

Vanessa Countryman, Secretary (By eFAP)  
Securities and Exchange Commission  
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*Counsel for Eric Christopher Cannon*

Dated: February 7, 2024



Donald W. Searles

**.B.**

**UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934  
Release No.**

**ADMINISTRATIVE PROCEEDING  
File No. 3-21790**

**In the Matter of**

**ERIC CHRISTOPHER  
CANNON,**

**Respondent.**

**AMENDED ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) 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) of the Securities Exchange Act of 1934 (“Exchange Act”) against Eric Christopher Cannon (“Respondent” or “Cannon”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A.     RESPONDENT**

1.       From at least September 2010 through April 2015, Respondent was a sales agent with Pacific West Capital Group, Inc. (“Pacific West”), where he engaged in the sale of unregistered securities consisting of fractionalized interests in universal life insurance policies offered by Pacific West and the PWCG Trust. Respondent further acted as a broker for that securities offering without being registered as a broker or associated with a registered broker-dealer.

B. ENTRY OF THE INJUNCTION

2. On December 12, 2023, an amended final judgment was entered against Respondent, permanently enjoining him from future violations of Section 5 of the Securities Act of 1933 (“Securities Act”) and Section 15(a) of the Exchange Act, in the civil action entitled Securities and Exchange Commission v. Pacific West Capital Group, Inc., et al., Civil Action Number 2:15-CV-02563-DDP-ASx, in the United States District Court for the Central District of California.

3. The Commission’s complaint alleged that from September 2010 to April 2015, Respondent sold unregistered securities, in the form of fractionalized interests in universal life insurance policies, or “life settlements,” offered by Pacific West and issued by the PWCG Trust, in violation of Section 5(a) and (c) of the Securities Act. The complaint further alleged that Respondent acted as a broker, by effecting transactions in securities for the accounts of others by soliciting investors, providing investors with disclosure documents, participating in taking investors’ orders, and receiving transaction-based compensation from the sales of life settlement securities to investors in the form of an 8% commission, without registering independently as a broker or being affiliated with any registered broker, in violation of Section 15(a) of the Exchange Act.

**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.

**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](http://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. Contryman  
Secretary