

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

JOSEPH ANDREW PAUL,
JOHN D. ELLIS, JR.,
JAMES S. QUAY,
a/k/a "STEPHEN JAMESON," and
DONALD H. ELLISON

Defendants

Civil Action No.

Jury Trial Demanded

COMPLAINT

Plaintiff Securities and Exchange Commission ("the Commission") alleges:

SUMMARY OF THE ACTION

1. From 2010 through at least December 2012, defendants Joseph Andrew Paul and John D. Ellis, Jr. orchestrated a fraudulent scheme in which they raised more than \$3.9 million from more than a dozen investors through their jointly owned investment advisory firm, Paul-Ellis Investment Associates LLC ("PEIA").

2. In a variety of different offering materials, Paul and Ellis provided prospective clients with false and wholly fabricated information that misrepresented, among other things, PEIA's investment strategies, assets under management, and investment performance.

3. For example, Paul and Ellis falsely claimed that PEIA managed as much as \$164 million in client assets and that its investment strategies generated annual returns ranging from 8.5% to more than 56%. In reality, PEIA never managed more than \$4 million and these purported returns grossly exceeded any actual returns PEIA generated, and were simply made up by Paul and Ellis.

4. In furtherance of the scheme, Paul and Ellis recruited defendants James S. Quay

and Donald H. Ellison to solicit investors for PEIA through Aptus Planning LLC, a firm owned by Quay and Ellison which purportedly provided financial planning for senior citizens.

5. At the time Quay started marketing PEIA, he was a convicted felon and a disbarred attorney. During the course of marketing PEIA, Quay was enjoined from violating the securities laws after being sued by the Commission for engaging in a separate securities fraud. In order to conceal Quay's true identity from potential investors, Quay and Ellison misrepresented Quay as an attorney, "Stephen Jameson." Using this fictitious name, Quay and Ellison were able to raise nearly \$1.3 million from investors for PEIA.

6. Paul and Ellis initially invested some of the funds they, and Quay and Ellison, fraudulently raised for PEIA. However, during the later stages of the fraud, Paul and Ellis ceased investing these monies and misappropriated the remaining funds, spending thousands of dollars to pay legal bills, employee salaries, and personal expenses. They also diverted \$385,900 to Quay, who used the funds for his own personal trading. As a result of the fraudulent conduct by Paul, Ellis, Quay, and Ellison, PEIA investors lost more than \$1.9 million.

7. As a result of the conduct described in this Complaint, Paul, Ellis, Quay, and Ellison have violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)]; Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(1) and 80b-6(2)]. Additionally, Ellis has violated, and unless restrained and enjoined will continue to violate, Section 207 of the Advisers Act [15 U.S.C. § 80b-7].

8. As a result of the conduct described in this Complaint, Paul and Ellis have aided and abetted PEIA's violations of Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-1(a)(5) thereunder [17 C.F.R. 275.206(4)-1(a)(5)].

JURISDICTION AND VENUE

9. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the

Securities Act [15 U.S.C. §§ 77t(b) and 77t(d)], Section 21(d) and (e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)], and Sections 209(d) and 209(e) of the Advisers Act [15 U.S.C. §§ 80b-9(d) and 80b-9(e)] to enjoin such acts, practices, and courses of business, and to obtain disgorgement, prejudgment interest, civil money penalties, and such other and further relief as the Court may deem just and appropriate.

10. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa], Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)], and Sections 209(d), 209(e), and Section 214 of the Advisers Act [15 U.S.C. §§ 80b-9(d), 80b-9(e), and 80b-14].

11. Venue in this District is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa], Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14] because certain of the acts, practices, and courses of business constituting the violations alleged herein occurred within the Eastern District of Pennsylvania. Defendants Paul and Ellis also reside within the Eastern District of Pennsylvania.

DEFENDANTS

12. Joseph Andrew Paul, age 39, is a resident of Philadelphia, Pennsylvania and co-founder of PEIA. Prior to co-founding PEIA, Paul held Series 6, 7, and 66 licenses and was a registered representative associated with various firms.

13. John D. Ellis, Jr., age 43, is a resident of Philadelphia, Pennsylvania and co-founder of PEIA. Prior to co-founding PEIA, Ellis held Series 7, 31, 63, and 65 licenses and was a registered representative associated with various firms.

14. James S. Quay, a/k/a "Stephen Jameson," age 55, is a resident of Atlanta, Georgia and co-founder of Aptus Planning LLC. In 2005, Quay, an attorney, was convicted of tax fraud and subsequently disbarred. In 2012, the Commission sued Quay, alleging that Quay engaged in securities fraud by misappropriating investor funds and aiding and abetting two other fraudulent schemes halted by a Commission enforcement action. Subsequently, Quay was enjoined from violating the securities laws and ordered to pay \$2,032,757 in disgorgement, interest, and

penalties. After a hearing on September 28, 2015, Quay was found guilty of criminal contempt and ordered jailed for ten days for providing false testimony in relation to his failure to pay these monies.

15. Donald H. Ellison, age 64, is a resident of Palm Bay, Florida and co-founder of Aptus Planning LLC. Prior to co-founding Aptus Planning LLC, Ellison was a registered representative associated with numerous securities firms. Ellison has held Series 7, 24, 53 and 63 licenses.

RELEVANT ENTITIES

16. Paul-Ellis Investment Associates LLC is a Pennsylvania limited liability company co-founded by Ellis and Paul. On July 27, 2009, PEIA registered with the Commission as an investment adviser under Rule 203A-2(d), thereby representing that the firm expected to have \$25 million in assets under management within 120 days. Between December 2009 and October 2011, PEIA filed twelve amended Forms ADV, each of which stated that PEIA managed \$30 million in assets. On November 9, 2011, PEIA filed an amended Form ADV for the last time, and claimed to have only \$15 million in assets under management. On January 8, 2016, the Commission issued an order cancelling PEIA's registration, having found that PEIA was not in existence, was not engaged in the investment adviser business, or was prohibited from registration as an investment adviser under Section 203A of the Advisers Act.

17. Summit Trust Company ("Summit") is a Nevada-chartered trust company with its principal place of business in Las Vegas, Nevada, and a marketing office in Colmar, Pennsylvania. Kevin Brown and George Brown purchased Summit in 2004. Summit purportedly provided trust administration, estate planning, charitable giving, gift administration, and custodial services. In 2015, the Commission filed a lawsuit alleging that Summit, its owners, and others had defrauded Summit's clients. *See SEC v. Summit Trust Co., et al.*, No. 15-cv-5843 (E.D. Pa. Oct. 27, 2015). The defendants in that case were ordered to pay disgorgement, penalties, and prejudgment interest, and were enjoined from further violations of the securities laws.

18. Aptus Planning LLC (“Aptus”) was a Florida limited liability company, with its principal place of business in Tampa, Florida, founded and operated by Quay and Ellison. Through Aptus, Quay and Ellison purportedly provided estate planning services and marketed life settlements and fixed annuity insurance products, among others. In September 2013, the Florida Department of State dissolved Aptus for failing to file its annual report.

FACTS

A. Paul and Ellis Create and Distribute Fraudulent Offering Materials

19. From 2010 through at least November 2012, Paul and Ellis orchestrated a fraudulent scheme in which they falsely marketed themselves as experienced money managers with a highly successful track record of investing in exchange-traded funds (“ETFs”) through their jointly owned, registered investment adviser, PEIA.

20. During this period, Paul and Ellis created a variety of offering materials to solicit investor funds, including a 67-page PEIA prospectus, marketing brochures, PowerPoint presentations, and a PEIA website (collectively referred to as “PEIA Offering Materials”).

21. The PEIA Offering Materials contained misrepresentations about PEIA’s investment strategy, assets under management, and investment performance, including:

- (a) Charts depicting wholly fabricated annual returns for each of PEIA’s investment strategies, ranging from 8.51% to 56.24%;
- (b) Claims that Paul and Ellis had extensive experience generating these high returns through PEIA’s proprietary investment strategies; and
- (c) Claims that PEIA had between \$150 million to \$164 million in “assets under advisement” when, in reality, Paul and Ellis never managed more than \$4 million dollars.

22. Each of these claims was false. Paul and Ellis copied most of the information relating to the investment strategies from the website of another registered investment adviser,

and “cut and pasted” the performance numbers from other sources into the PEIA Offering Materials.

23. To solicit investor funds, Paul and Ellis distributed the fraudulent PEIA Offering Materials to numerous registered advisers, broker-dealers, and financial planning firms.

24. Between December 2009 and November 2011, Ellis filed several Forms ADV for PEIA with the Commission that also grossly overstated PEIA’s assets under management.

B. Paul and Ellis Make Material Misstatements in Soliciting Summit’s Investment in PEIA

25. In mid-September 2010, officers of Summit met with Paul and Ellis to discuss retaining PEIA as an investment adviser.

26. During the meeting, Paul and Ellis used a PowerPoint presentation containing misrepresentations regarding, among other things, PEIA’s assets under management and historical performance. For example, the PowerPoint presentation stated that PEIA had \$150 million in “assets under advisement,” and contained a table purporting to show that PEIA’s “Strategic Growth Portfolio” generated average annual returns of 25.13% between 2000 and 2009.

27. Summit retained PEIA as its investment adviser and began to invest in PEIA’s “Strategic Growth Portfolio.” PEIA and Summit entered into an advisory agreement whereby PEIA agreed to manage Summit’s invested funds for a fee.

28. In December 2010, Summit officers again met with Paul and Ellis to discuss investing additional funds in PEIA. At this meeting, Paul and Ellis recommended PEIA’s “Quantitative Portfolio.” Paul and Ellis provided the Summit officers with a PowerPoint presentation falsely stating that the Quantitative Portfolio had generated annual returns from 36% to 107% between 2008 and 2010.

29. Summit thereafter invested additional sums with PEIA, with its final investment made on April 1, 2011.

30. Through their misrepresentations regarding PEIA, Paul and Ellis obtained a total of approximately \$2,672,573 from Summit. Paul and Ellis invested, and ultimately lost much of Summit's investment. By November 2, 2011, when Summit withdrew the last of its funds from PEIA, it had suffered losses of approximately \$744,330, or about 28% percent of its principal investment. Paul and Ellis also charged Summit nearly \$9,000 in advisory fees.

31. In 2012, Summit filed a lawsuit against Paul, Ellis, and PEIA, alleging, among other claims, violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, arising in part from misrepresentations Paul and Ellis made to Summit in soliciting Summit's investment with PEIA. *See Summit Trust Co. v. Paul Ellis Investment Associates, LLC, et al.*, No. 12-cv-6672 (E.D. Pa. Nov. 29, 2012). On August 2, 2013, the court entered a default judgment against Paul, Ellis, and PEIA in the amount of \$761,426.16 and concluded that they had violated the securities laws.

C. Paul, Ellis, Quay, and Ellison Make Material Misstatements In Soliciting Aptus Clients to Invest in PEIA

32. In 2011, Paul and Ellis began marketing PEIA to Quay and Ellison, the co-owners of Aptus, a firm that purportedly provided financial planning for senior citizens. Paul and Ellis sought to have Quay and Ellison recommend PEIA's "Volatility Arbitrage Portfolio" ("VAP") strategy to Aptus' clients and prospective clients.

33. Paul and Ellis provided Quay and Ellison with a four-page marketing brochure entitled "Aptus Planning Portfolios: Volatility Arbitrage Portfolio" (the "VAP Brochure"), which described the VAP as a conservative investment strategy that involved risking only 10% of an investor's principal investment. The VAP Brochure falsely stated that between 2008 and July 2011, PEIA used this strategy to generate average annual returns of 46.70%.

34. Paul and Ellis began marketing the VAP strategy in mid-2011 and created the VAP Brochure so that Quay and Ellison could use it to market PEIA's investment advisory services to their current and prospective clients. Neither Quay nor Ellison did any due diligence regarding the claims in the VAP Brochure or into PEIA.

35. Subsequently, Quay and Ellison began soliciting potential investors for PEIA by hosting free dinner seminars arranged at a restaurant in the Tampa area. Many of the attendees were senior citizens who Quay and Ellison targeted through mass mailings.

36. At such seminars, Ellison introduced Quay, and Quay referred to himself, as attorney “Stephen Jameson.” Quay and Ellison also distributed documents to prospective investors listing Jameson and Ellison as directors of Aptus. At no time did Quay and Ellison tell prospective investors that Jameson was not Quay’s real name. Quay and Ellison concealed Quay’s real name and instead used a fictitious name to prevent prospective investors from researching Quay’s background and discovering his tax fraud conviction and disbarment.

37. Following each dinner presentation, Quay and Ellison invited prospective investors to schedule individual consultations at Aptus’ office to discuss their financial planning needs. During these individual consultations, while continuing to conceal Quay’s identity, Quay and Ellison used the VAP Brochure to promote PEIA’s Volatility Arbitrage Portfolio and touted Paul’s and Ellis’ experience as successful money managers. Paul and Ellis attended at least one of these consultations.

38. On at least one occasion, Quay provided an investor with a proposal that Quay authored that contained additional false claims about PEIA’s Volatility Arbitrage Portfolio, including that PEIA’s options trading strategy: “will [p]rovide *double digit returns* with extremely low risk;” “[e]xposes less *than 5%* of your portfolio *to market risk*;” and was “averaging triple digit returns.”

39. Fourteen investors solicited by Quay and Ellison invested a total of approximately \$1,295,000 with PEIA. These “Aptus investors” typically agreed that PEIA would receive as compensation 50% of their monthly returns. Paul and Ellis, in turn, agreed to share 65% of their fees with Quay and Ellison.

D. Paul and Ellis Steal the Aptus Investors’ Money

40. Between July 2011 and February 2012, the Aptus investors collectively wired nearly \$1.3 million to a PEIA bank account at Bank A controlled by Ellis.

41. Ellis then transferred approximately two-thirds of the approximately \$1.3 million to a PEIA brokerage account. From July 2011 through February 2012, Paul and Ellis invested the funds in the PEIA brokerage account in various securities, including ETFs and ETF options. However, Paul and Ellis did not invest the remaining one-third of the Aptus investor funds, approximately \$450,000, instead using some of this money to pay various personal and business expenses. For example, between July 2011 and February 2012, Ellis wired more than \$68,000 to an Aptus account controlled by Quay. And Ellis paid over \$50,000 to two Philadelphia law firms, \$47,000 in apparent compensation to Paul, Ellis, and one other PEIA employee, and spent thousands of dollars in ATM withdrawals and debit card purchases for personal expenses.

42. By April 2012, Paul and Ellis had spent nearly \$190,000 of the approximately \$450,000 in Aptus investor funds that they did not invest as promised. These expenditures also far exceeded any performance fees to which Paul, Ellis, Quay, or Ellison possibly could have been entitled.

43. In April 2012, the brokerage firm holding PEIA's brokerage accounts closed PEIA's accounts because of concerns about money laundering. Thereafter, Ellis wired the remaining balance of the Aptus investor money, approximately \$635,000, to a PEIA bank account at Bank B.

44. By the end of May 2012, Paul and Ellis combined PEIA's remaining Aptus investor funds, totaling more than \$895,000, in PEIA's Bank B bank account. Paul and Ellis never invested the funds again. Instead, between May 2012 and November 2012, Paul and Ellis used these funds to pay business and other personal expenses, including: over \$55,000 in multiple wire payments to Quay and Ellison; \$68,500 in PEIA salary payments; thousands of dollars in transfers to various third parties; and numerous cash and debit card withdrawals.

E. Quay's Unauthorized Trading and Material Misrepresentations

45. On May 17, 2012, Ellis wired \$385,900 to a bank account controlled by Quay, who at the time had two outstanding margin calls totaling \$192,910 in a brokerage account he

controlled. Quay immediately transferred the \$385,900 into the brokerage account (satisfying the margin calls), and used the Aptus investor funds to trade in Apple securities. By July 12, 2012, the Aptus investor funds were gone.

46. After Quay already had suffered significant trading losses, he told a few of the Aptus investors that he had invested a portion of their funds in his “option credit spread strategy.” Quay lied to these investors about the performance of this investment, claiming that he was generating positive returns when, in reality, the remaining funds had already been lost. For example, on July 20, 2012, Quay wrote to an investor claiming his investment strategy was “performing as expected in the 2-4% weekly range,” and signing the letter “Steve.” In a letter dated October 18, 2012 and signed by Aptus Planning LLC, Quay wrote, “[w]e expect solid continued growth throughout the remainder of the year from our Apple credit spread strategy.” One Aptus investor redeemed his entire investment early in the scheme, and another redeemed less than 10% of the funds she invested. The remaining Aptus investors lost their entire investment with PEIA.

FIRST CLAIM FOR RELIEF

Violations of Section 17(a) of the Securities Act By Paul, Ellis, Quay, and Ellison

47. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 46, inclusive, as if they were fully set forth herein.

48. By engaging in the conduct described above, Defendants Paul, Ellis, Quay, and Ellison knowingly or recklessly, in the offer or sale of securities, directly or indirectly, by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails:

- (a) employed devices, schemes, or artifices to defraud;
- (b) obtained money or property by means of untrue statements of material fact

or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or

(c) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities.

49. By engaging in the foregoing conduct, Defendants Paul, Ellis, Quay, and Ellison violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder By Paul, Ellis, Quay, and Ellison

50. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 46, inclusive, as if they were fully set forth herein.

51. By engaging in the conduct described above, Defendants Paul, Ellis, Quay, and Ellison knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use of the means or instrumentalities of interstate commerce or of the mails or of any facility of a national securities exchange:

(a) employed devices, schemes, or artifices to defraud;

(b) made untrue statements of material fact, or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or

(c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

52. By engaging in the foregoing conduct, Defendants Paul, Ellis, Quay, and Ellison violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

THIRD CLAIM FOR RELIEF

Violations of Section 206(1) and 206(2) of the Advisers Act By Paul, Ellis, Quay, and Ellison

53. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 46, inclusive, as if they were fully set forth herein.

54. By engaging in the conduct described above, Defendants Paul, Ellis, Quay, and Ellison, while acting as investment advisers, by the use of the means and instrumentalities of interstate commerce and of the mails, directly or indirectly, knowingly or recklessly have employed and are employing devices, schemes, and artifices to defraud their clients and prospective clients; and have engaged and are engaging in transactions, practices, and courses of business which operate as a fraud or deceit upon their clients and prospective clients.

55. By engaging in the foregoing conduct, Defendants Paul, Ellis, Quay, and Ellison have violated, and unless restrained will continue to violate, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

FOURTH CLAIM FOR RELIEF

Violations of Section 207 By Ellis

56. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 46, inclusive, as if they were fully set forth herein.

57. By engaging in the conduct described above, Defendant Ellis willfully made untrue statements of material fact in registration applications and/or reports filed with the Commission, or willfully omitted to state material facts required to be stated therein.

58. By engaging in the foregoing conduct, Defendant Ellis violated, and unless restrained will continue to violate, Section 207 of the Advisers Act [15 U.S.C. § 80b-7].

FIFTH CLAIM FOR RELIEF

Aiding and Abetting PEIA's Violations of Section 206(4) and Rule 206(4)-1(a)(5) Thereunder By Paul and Ellis

59. The Commission realleges and incorporates by reference each and every

allegation in paragraphs 1 through 46, inclusive, as if they were fully set forth herein.

60. By engaging in the conduct described above, PEIA, while it was a registered as and acting as an investment adviser, by the use of the means and instrumentalities of interstate commerce and of the mails, directly and indirectly, knowingly or recklessly engaged in acts, practices, or courses of business that were fraudulent, deceptive or manipulative with respect to investors and potential investors, specifically, PEIA directly or indirectly, published, circulated, or distributed advertisements which contained untrue statements of a material fact and/or which were otherwise false or misleading.

61. By engaging in the foregoing conduct, PEIA violated Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-1(A)(5) thereunder [17 C.F.R. 275.206(4)-1(a)(5)].

62. Paul and Ellis were the principals of PEIA. Paul and Ellis owned and controlled PEIA and were generally aware of PEIA's activities.

63. By engaging in the conduct described above, Paul and Ellis knowingly or recklessly provided substantial assistance to PEIA in its publication, circulation, or distribution of advertisements which contained untrue statements of a material fact and/or which were otherwise false or misleading.

64. By engaging in the foregoing conduct, Paul and Ellis aided and abetted PEIA's violations of Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-1(a)(5) thereunder [17 C.F.R. 275.206(4)-1(a)(5)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment:

I.

Permanently restraining and enjoining Defendants Paul, Ellis, Quay, and Ellison from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)];

II.

Permanently restraining and enjoining Defendants Paul, Ellis, Quay, and Ellison from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

III.

Permanently restraining and enjoining Defendants Paul, Ellis, Quay, and Ellison from violating Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)];

IV.

Permanently restraining and enjoining Defendant Ellis from violating Section 207 of the Advisers Act [15 U.S.C. § 80b-7];

V.

Permanently restraining and enjoining Defendants Paul and Ellis from aiding and abetting any violation of Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-1(a)(5) thereunder [17 C.F.R. 275.206(4)-1(a)(5)] by knowingly or recklessly providing substantial assistance to an investment adviser that publishes, circulates, or distributes advertisements which contain untrue statements of a material fact and/or which are otherwise false or misleading;

VI.

Ordering Defendants Paul, Ellis, Quay, and Ellison to disgorge any and all ill-gotten gains, together with prejudgment interest, derived from the activities set forth in this Complaint;

VII.

Ordering Defendants Paul, Ellis, Quay, and Ellison to pay civil penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. §§ 78u(d)(3)], Section 20(d) of the Securities Act [15 U.S.C. §§ 77t(d)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)]; and

VIII.

Granting such other and further relief as this Court may determine to be just and necessary.

Respectfully submitted,



Sharon B. Binger
G. Jeffrey Boujoukos (PA 67215)
David L. Axelrod
Brendan P. McGlynn
Mark R. Sylvester
Lisa M. Candra

Attorneys for Plaintiff:

SECURITIES AND EXCHANGE COMMISSION
1617 JFK Blvd., Suite 520
Philadelphia, PA 19103
Telephone: (215) 597-3100
Facsimile: (215) 597-2740

Dated: April 1, 2016