

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SECURITIES EXCHANGE ACT OF 1934
Release No. 70330/September 5, 2013

INVESTMENT ADVISERS ACT OF 1940
Release No. 3663/September 5, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15269

In the Matter of	:	
	:	
ANTHONY JOHN JOHNSON	:	ORDER MAKING FINDINGS AND IMPOSING SANCTIONS BY DEFAULT

SUMMARY

This Order bars Anthony John Johnson (Johnson) from the securities industry.

I. BACKGROUND

The Securities and Exchange Commission (Commission) issued an Order Instituting Proceedings (OIP) on April 9, 2013, pursuant to Sections 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and 203(f) of the Investment Advisers Act of 1940 (Advisers Act). The OIP alleges that Johnson was convicted of conspiracy to commit securities, mail, and wire fraud and of mail fraud. Johnson was served with the OIP at his current place of abode by USPS certified mail in accordance with 17 C.F.R. § 201.141(a)(2)(i) by April 22, 2013. At a prehearing conference on May 6, 2013, at which Johnson appeared, the date for his Answer to the OIP was set at May 24, 2013, absent a settlement. Anthony John Johnson, Admin. Proc. File No. 3-15269 (A.L.J. May 6, 2013) (unpublished); 17 C.F.R. § 201.220(b). To date, there has been no settlement, and Johnson has not filed an Answer. Accordingly, he has failed to answer or otherwise to defend the proceeding within the meaning of 17 C.F.R. § 201.155(a)(2). Therefore, Johnson is in default, and the undersigned finds that the allegations in the OIP are true as to him.¹ See OIP at 3; 17 C.F.R. §§ 201.155(a), .220(f).

II. FINDINGS OF FACT

Johnson, 42, formerly of Katonah, New York, was convicted on August 3, 2011, of conspiracy to commit securities, mail, and wire fraud in violation of 18 U.S.C. § 317, and on August 3, 2012, of mail fraud in violation of 18 U.S.C. § 1341. United States v. Johnson, No. 2:07-cr-854-FB (E.D.N.Y. Aug. 3, 2011); United States v. Johnson, No. 1:11-cr-287-ENV (E.D.N.Y. Aug. 3, 2012). He was sentenced to a total of 138 months of imprisonment, followed by three years of supervised release, and

¹ Johnson was advised that if he failed to file an Answer within the time provided, he would be deemed to be in default, and the undersigned would enter an order barring him from the securities industry. Anthony John Johnson, Admin. Proc. File No. 3-15269 (A.L.J. May 6, 2013) (unpublished).

ordered to pay restitution totaling \$12,841,488.72. The wrongdoing underlying his convictions took place between March 2002 and March 2003 and from approximately August 2010 to April 2011. During the earlier period, Johnson was associated as a registered representative with Park Capital Securities, LLC (Park Capital), which was then a registered broker-dealer as well as an unregistered investment adviser. Brokers at Park Capital, under the direction and supervision of Johnson and others, engaged in misrepresentations and material omissions to induce retail customers to purchase and refrain from selling certain stock. Johnson also engaged in manipulative trading by opening an account in the name of his brother and cross-trading stock between that account and other Park Capital retail customers, profiting his account and causing losses to other customer accounts. During the later period, while associated with RAHFCO Management Group LLC, an unregistered investment adviser to two hedge funds, Johnson operated a Ponzi scheme.

III. CONCLUSIONS OF LAW

Johnson has been convicted, within ten years of the commencement of this proceeding, of a felony that “arises out of the conduct of the business of a broker, dealer, [or] investment adviser”² and “involves the violation of section . . . 1341 . . . of title 18, United States Code” within the meaning of Sections 15(b)(4)(B)(ii), (iv) and 15(b)(6)(A)(ii) of the Exchange Act and Sections 203(e)(2)(B), (D) and 203(f) of the Advisers Act.

IV. SANCTION

Johnson will be barred from the securities industry. This sanction will serve the public interest and the protection of investors, pursuant to Sections 15(b) of the Exchange Act and 203(f) of the Advisers Act, and accord with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979). Johnson’s unlawful conduct was recurring and egregious. It involved multiple trades and millions of dollars.

V. ORDER

IT IS ORDERED that, pursuant to Sections 15(b) of the Exchange Act and 203(f) of the Advisers Act, ANTHONY JOHN JOHNSON IS BARRED from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participating in an offering of penny stock.³

Carol Fox Foelak
Administrative Law Judge

² Johnson’s convictions for wrongdoing while associating with unregistered investment advisers in themselves would provide a basis for this proceeding against him. The Commission has authority to bar persons from association with registered or unregistered investment advisers or otherwise sanction them under Section 203 of the Advisers Act. Teicher v. SEC, 177 F.3d 1016, 1017-18 (D.C. Cir. 1999).

³ Thus, he will be barred from acting as a promoter, finder, consultant, or agent; or otherwise engaging in activities with a broker, dealer, or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock, pursuant to Exchange Act Section 15(b)(6)(A), (C).