

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 3801 / March 20, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15808

In the Matter of

AARON JOUSAN JOHNSON,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
203(f) OF THE INVESTMENT ADVISERS
ACT OF 1940 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Aaron Jousan Johnson (“Respondent” or “Johnson”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Johnson, age 33, is most recently a resident of Haddam, Connecticut.
2. From August 2009 to October 2013, Johnson was associated with J. Capital Advisors Wealth Management (“J. Capital”), an investment adviser registered with the state of Connecticut, and was its president and chief investment officer. From July 2001 to August 2009, Johnson was associated, successively, with three other entities that were dually registered with the Commission as broker-dealers and investment advisers, including VSR Financial Services Inc., from July 2007 to August 2009, A.G. Edwards & Sons Inc., from December 2003 to July 2007, and New England Securities, from July 2001 to December 2003.

B. ENTRY OF THE FINAL STATE ORDER

3. On October 21, 2013, the Connecticut Department of Banking (the “Department”), an agency that encompasses Connecticut’s Securities and Business Investments Division, entered a final order entitled *In the Matter of J. Capital Advisors, LLC d/b/a J. Capital Advisors Wealth Management, and Aaron Jousan Johnson*, Docket No. RS-13-8063-S (the “Connecticut Order”) against Johnson. The Connecticut Order found that Johnson violated, among others, provisions of Connecticut’s securities laws that prohibit dishonest and unethical conduct. The Connecticut Order revoked Johnson investment adviser agent registration.

4. According to the Connecticut Order, Johnson failed to appear for his evidentiary hearing, so the following allegations against him were deemed admitted: Commencing in 2010, J. Capital had an arrangement with various clearing brokers pursuant to which J. Capital’s advisory clients would authorize the clearing broker to pay J. Capital its fees as directed by J. Capital. From at least 2011 forward, the frequency and amount of fees deducted from J. Capital’s client accounts at the participating clearing firms increased significantly, in some cases causing a marked depletion of client account holdings. Some of the affected clients filed complaints with the Department, indicating that they had not received prior disclosure concerning the extent of the fees or the basis on which the fees were calculated. In the course of the Department’s examination of J. Capital, Johnson also submitted three client statements to the Department that contained falsified fee amounts and a falsified personal monthly statement. Finally, Johnson withdrew approximately \$25,000 in fees from J. Capital’s clients’ accounts after his investment adviser agent registration was suspended by the Department on March 18, 2013.

5. The Connecticut Order constitutes a final order of a state securities commission (or agency or officer performing like functions) that imposes a bar from association with an entity regulated by such state securities commission or from engaging in the business of securities or insurance.

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 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing 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, and before an Administrative Law Judge to be designated by further order as provided by 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 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing 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 personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

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.

By the Commission.

Jill M. Peterson
Assistant Secretary