

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. 9976 / November 4, 2015

SECURITIES EXCHANGE ACT OF 1934

Release No. 76350 / November 4, 2015

INVESTMENT ADVISERS ACT OF 1940

Release No. 4256 / November 4, 2015

INVESTMENT COMPANY ACT OF 1940

Release No. 31892 / November 4, 2015

ADMINISTRATIVE PROCEEDING

File No. 3-16941

In the Matter of

Scott A. Doak,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTIONS 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Scott A. Doak (“Doak” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

Summary

1. These proceedings arise out of a fraudulent scheme conducted by William M. Apostelos (“Apostelos”) and companies he controlled. From at least 2010 through 2014, Apostelos violated the registration and anti-fraud provisions of the federal securities laws by conducting fraudulent, unregistered offers of securities and misappropriating investor funds to pay earlier investors and promoters, finance other businesses he and his wife owned, and pay his personal expenses.

2. Respondent Doak became a client of Apostelos no later than 2007. In early 2013, Doak, Apostelos, and other individuals began operating OVO Wealth Management, LLC (“OVO”), a state-registered investment adviser. After approximately a year of operations, OVO was wound down, and Doak made oral and written misrepresentations and omissions to OVO clients to induce them to transfer their advisory accounts to investments controlled by Apostelos.

3. Doak violated the registration provisions of the federal securities laws by offering and selling securities issued by entities controlled by Apostelos. Doak and OVO also violated the anti-fraud provisions of the federal securities laws by making misrepresentations and omissions while advising OVO clients to invest their advisory accounts in investments controlled by Apostelos. Through the same conduct, Doak aided and abetted and caused the violations of Apostelos and OVO.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Respondent

4. **Scott A. Doak**, age 51, is a resident of Xenia, Ohio. Doak was the Chief Executive Officer, a 40% owner, and an investment adviser representative of OVO, a state-registered investment adviser.

Other Relevant Individuals and Entities

5. **OVO Wealth Management, LLC**, a Delaware limited liability company with its principal place of business in Springboro, Ohio, was registered as an investment adviser in the states of Ohio, Indiana, and Kentucky from early 2013 until December 31, 2014.

6. **William M. Apostelos**, age 54, is a resident of Springboro, Ohio. He was the Treasurer and 40% owner of OVO and Chief Executive Manager of Midwest Green Resources, LLC (“Midwest Green”).

7. **Midwest Green Resources, LLC**, an Ohio limited liability company with its principal place of business in Springboro, Ohio, purports to be in the business of investment and real estate asset management. Midwest Green filed a Form D Notice of Exempt Offering of Securities on March 30, 2010, regarding an offering of \$10 million in equity securities but is not otherwise registered with the Commission.

Background

8. Doak was an emergency medicine physician when he first met Apostelos in 2005. Doak became a client of Apostelos in approximately 2007 and first invested in Midwest Green in November 2012.

9. Also in November 2012, Doak resigned his position as an emergency medicine physician. With Apostelos and other individuals, he formed OVO, a state-registered investment adviser that began operations in early 2013.

10. OVO’s business model involved holding client funds in custodial accounts through a registered broker-dealer and investing those funds in publicly traded investments through model portfolios. OVO charged its clients an asset management fee based on assets under management.

11. Doak recruited friends, family members, and others as OVO advisory clients. Doak served as the primary point of contact for OVO’s clients, and he also acted as OVO’s primary trader.

12. In February 2014, Doak began seeking new employment as a physician. In May 2014, Doak decided to wind down OVO’s operations, and he began to contact OVO’s clients to discuss closing their accounts.

13. Between May and October of 2014, Doak received payments of at least \$86,833.34 from a non-OVO bank account controlled by Apostelos.

Misrepresentations and Omissions to OVO Clients

14. Between May and August 2014 (the “relevant period”), Doak advised OVO clients to transfer the funds in their advisory accounts from OVO to Midwest Green and other investments controlled by Apostelos. In total, 17 OVO clients’ funds were transferred to a custodian of self-directed IRAs and then to Midwest Green or other accounts controlled by Apostelos.

15. During the relevant period, Doak directly or indirectly offered and sold securities in Midwest Green and other investments controlled by Apostelos. These offerings of securities were unregistered, and no exemption from registration was available.

16. During the relevant period, Doak made material misrepresentations and omissions in connection with his advice to OVO advisory clients and his offer and sale of securities in Midwest Green and other investments controlled by Apostelos.

17. Doak advised at least one advisory client (Client A) to invest in a promissory note investment controlled by Apostelos in order to protect the client’s principal from risks in the stock market. Doak assured Client A that the investment was legitimate and would be safer than the stock market, but Doak omitted to state that he had done nothing to verify the existence of this investment or confirm Apostelos’s representations about the investment. As a result of these misrepresentations and omissions, Client A transferred the funds in her OVO account to investments controlled by Apostelos.

18. Doak told other advisory clients, including Client B, that Midwest Green invested in real estate and would pay a 10-15% return, and he distributed a copy of a private placement memorandum that contained similar misrepresentations. Doak omitted to state that at the time he was seeking the return of his funds invested in Midwest Green, and that Apostelos had told him his funds could not be returned because the investment was not liquid. Doak also omitted to state that he had done nothing to investigate Midwest Green’s business activities, use of investment funds, or investment returns. As a result of these misrepresentations and omissions, Client B transferred the funds in his OVO account to Midwest Green.

19. At the time he advised OVO clients to transfer the funds in their advisory accounts to investments controlled by Apostelos, Doak was aware but omitted to state that at the time he and other investors were trying unsuccessfully to withdraw their funds from Midwest Green and other investments controlled by Apostelos, that he was not being paid on schedule, that Apostelos was bouncing checks, and that certain investors were threatening to sue Apostelos.

Violations

20. As a result of the conduct described above, Doak willfully violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

21. As a result of the conduct described above, Doak willfully violated Sections 5(a) and 5(c) of the Securities Act, which prohibit, absent an exemption, the offer or sale of securities as to which a registration statement is not filed or in effect.

22. As a result of the conduct described above, Doak willfully aided and abetted and caused Apostelos's violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

23. As a result of the conduct described above, Doak willfully aided and abetted and caused OVO's violations of Sections 17(a)(1) and 17(a)(3) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

24. As a result of the conduct described above, Doak willfully aided and abetted and caused OVO's violations of Sections 206(1), 206(2) and 206(4) of the Advisers Act, which prohibit fraudulent conduct by an investment adviser.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Doak's Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, Sections 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

- A. Respondent Doak cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 206(4) of the Advisers Act.
- B. Respondent Doak be, and hereby is:
 - (1) barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and
 - (2) prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter.
- C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent Doak shall pay disgorgement of \$86,833.34, prejudgment interest of \$2,874.44, and civil penalties of \$160,000.00 to the Securities and Exchange Commission as follows: \$124,853.89 to be paid within 10 days of the entry of this Order, and the remaining \$124,853.89 to be paid within 1 year of the entry of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. § 3717, shall be due and payable immediately, without further application.

The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Doak as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Amy Cotter, Assistant Regional Director, Chicago Regional Office, Securities and Exchange Commission, 175 W. Jackson Blvd., Suite 900, Chicago, Illinois 60604.

E. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall,

within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields
Secretary