

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 74276 / February 13, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4025 / February 13, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16388

In the Matter of

Joseph A. Caramadre, CPA

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND 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 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Joseph A. Caramadre (“Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From 1995 through at least December 2010, Respondent was the President, Chief Executive Officer and majority owner of Estate Planning Resources, Inc. For a portion of the time in which he engaged in the conduct underlying the plea agreement described below, Respondent was also a registered representative of registered broker-dealers, several of whom were

also registered as investment advisers, making him an associated person of the investment advisers. Specifically, the Respondent was a registered representative during the following periods: from October 1997 through September 1998; from April 1999 through March 2001; from February 2002 through August 2003; and from July 2005 through December 2005. Respondent is 54 years old and is a former resident of Cranston, Rhode Island, and is currently incarcerated at FMC Devens in Ayers, Massachusetts.

B. RESPONDENT'S CRIMINAL CONVICTION

2. On November 19, 2013, Caramadre pled guilty to one count of wire fraud in violation of Title 18 United States Code, Section 1343 and one count of conspiracy in violation of Title 18 United States Code, Section 371 before the United States District Court for the District of Rhode Island, in United States v. Joseph Caramadre, 11cr186-S. On December 16, 2013, a judgment in the criminal case was entered against him. He was sentenced to a prison term of six years followed by three years of supervised release. On February 3, 2014, Caramadre was ordered to make restitution in the amount of \$46,330,077.61.¹

3. In connection with that plea, Respondent admitted that from 1995 through August 2010, he executed a scheme to defraud financial institutions and terminally-ill individuals. On his own behalf and on the behalf of investors, friends and family members, Caramadre purchased variable annuities from insurance companies and designated terminally-ill individuals as annuitants. Caramadre fraudulently obtained significant sums of money from the insurance companies that issued these variable annuity policies by making or causing to be made material misrepresentations and omissions to terminally-ill individuals, their family members and caregivers, in order to obtain identity information and signatures for the annuity opening documents. Indeed, Caramadre concealed from the terminally-ill individuals and their family members that their identities would be used on annuities that Caramadre and others purchased. Caramadre also took steps to prevent the terminally-ill individuals from understanding the nature of the documents they were signing.

4. Further, Caramadre made or caused to be made material misrepresentations and omissions to various insurance companies, falsely informing the insurance companies that some of the annuity owners were "friends," "clients" or "acquaintances" of the terminally-ill individuals who were named as annuitants.

5. Caramadre's was convicted of a felony involving the purchase or sale of a security and arose out of the conduct of the business of a broker-dealer. His misconduct occurred when he was a registered representative of registered broker-dealers, several of whom were also registered as investment advisers, making him an associated person of the investment advisers.

¹ The court found that Caramadre and his co-defendant, Raymour Radhakrishnan, were jointly and severally liable for \$33,197,425.26 and Caramadre was solely liable for the remaining \$13,132,652.35 because these losses were sustained before Radhakrishnan's involvement in the scheme.

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;

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act; and

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 as provided for in the Commission's Rules of Practice.

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.

Brent J. Fields
Secretary