

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 75954 / September 21, 2015**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4200 / September 21, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16824**

**In the Matter of**

**DANIEL PAEZ,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b) OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND 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 Daniel Paez (“Respondent” or “Paez”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A.     RESPONDENT**

1.       From 2010 through at least 2012, Respondent was the president of Fly High Investments Inc. (“Fly High”), a purported hedge fund that is now defunct and was formerly located in Miami, Florida. Respondent, 28 years old, was a resident of Miami, Florida. During the relevant time period, Respondent acted as an investment adviser and as a broker-dealer, although he was not registered as such.

B. ENTRY OF RESPONDENT'S CRIMINAL CONVICTION

2. On November 26, 2013, Paez entered a guilty plea in the U.S. District Court for the Southern District of Florida to one count of securities fraud in violation of 15 U.S.C. §§ 78j(b) and 78ff(a) and 78 C.F.R. § 240.10b-5 in connection with his involvement in an investment scheme that raised over \$500,000 from at least 17 individuals between September 2010 and April 2012. U.S. v. Daniel Paez, Case No. 13-20789-CR-DIMITROULEAS/SNOW (S.D. Fla. Nov. 26, 2013). On February 21, 2014, Paez was sentenced to 37 months in prison and 3 years of supervised release. Paez was ordered to pay restitution in the amount of \$476,545. Paez is serving his sentence at a federal prison in Sumterville, Florida.

3. The count of the criminal information to which Paez pleaded guilty alleged, among other things, that Paez falsely promised investors high rates of return, that investors could take out profits at any time, and that monies would be placed in specific investments or categories of investments such as securities related to precious metals and real estate. Paez claimed that Fly High was a hedge fund valued in excess of \$50 million. Paez used a small percentage of investor funds to invest in penny stocks and other high risk investments that were materially different than the specific investment he promised to investors. Also, contrary to his promises, Paez misappropriated the majority of investor funds from the purported investment account to gamble at casinos and for his personal use. Paez actively solicited investors through the phone and other means and obtained money from investors through false representations, promises, omissions, and other acts. Paez engaged in the same day purchase and sale of securities to make it appear to investors that funds were used for trading, when in fact he was diverting investor funds for his personal benefit.

**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; and
- C. 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 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