

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 80054 / February 16, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17848

In the Matter of

James P. Griffin,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
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”) against James P. Griffin (“Griffin” or “Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

A. Respondent

1. From at least 2007 through 2014, James P. Griffin was the founder and Chief Executive Officer of 54Freedom Inc., 54Freedom Securities Inc., 54Freedom Tele Inc., MoneyIns Inc., 54Freedom Foundation Inc., 5 Ledyard Avenue LLC, 5 Ledyard Corporation, and IICNet LLC (collectively, “54 Freedom”), closely-related corporate entities. Throughout that time period, Griffin exercised complete control over 54Freedom. In or about March 2011, 54 Freedom purchased a 20% interest in a registered broker-dealer firm called Sinclair and Co., LLC (based in Darien, Connecticut) and retained that ownership interest until at least June 2012. From 2007 through 2014, Griffin through 54Freedom raised at least \$8 million from at least 125 investors through the sale of 54Freedom securities, including 54Freedom stock, promissory notes, and “charitable gift annuities” (“CGA”). Griffin personally promoted and sold 54Freedom stock, which is a penny stock. Griffin also personally brokered the sale of 54Freedom securities, receiving

commissions and other transaction-based compensation from 54Freedom for brokering those sales. Griffin is 71 years old and resides in Cazenovia, New York.

B. Respondent's Criminal Conviction

2. On July 22, 2015, the United States Attorney for the Northern District of New York (“USAO”) filed a criminal indictment against Griffin in *United States v. Griffin*, 15-cr-207 (N.D.N.Y.), alleging five counts of mail fraud, eight counts of wire fraud, and five counts of money laundering against Griffin.

3. On July 30, 2015, the Commission filed a parallel civil action, *SEC v. Griffin*, 15-cv-0927 (N.D.N.Y.), naming Griffin and others as defendants. The Commission alleges in that case that Griffin defrauded investors in 54Freedom stock, notes, and CGAs. More specifically, Griffin defrauded stock and note investors by, *inter alia*, making unrealistic and unfounded projections in 54Freedom securities offering materials regarding 54Freedom’s future business prospects, its future stock price, and the safety of its notes. Griffin defrauded CGA investors by, *inter alia*, falsely promising them that the CGAs were backed by annuities issued by “A-rated” third-party insurance companies.

4. On November 25, 2015, the USAO filed a superseding indictment in *United States v. Griffin* (“Superseding Indictment”). The Superseding Indictment charged Griffin with twenty-three separate criminal counts: 10 counts of mail fraud (pursuant to 18 U.S.C. § 1341); 8 counts of wire fraud (pursuant to 18 U.S.C. § 1343); and 5 counts of money laundering (pursuant to 18 U.S.C. §§ 1957 and 2(b)). The Superseding Indictment alleged, *inter alia*, that “[f]rom in or about July 2009 and continuing through [November 25, 2015], [Griffin] devised and intended to devise a scheme and artifice to defraud persons by soliciting investments under false pretense and concealing, disguising and failing to disclose material information and to obtain money and property by means of material false and fraudulent pretenses, representations, promises and material omissions by fraudulently inducing donors to purchase 54Freedom Charitable Gift Annuities upon the false promise that the annuities would be issued by a highly rated major insurance carrier and that the annuity would provide guaranteed lifetime income for the donor.”

5. The Superseding Indictment further alleged that “[f]rom in or about November 2011 and continuing through [November 25, 2015], [Griffin] devised and intended to devise a scheme and artifice to defraud persons by soliciting investments under false pretense and concealing, disguising and failing to disclose material information and to obtain money and property by means of material false and fraudulent pretenses, representations, promises and material omissions by fraudulently inducing persons to invest in the 5 Ledyard companies and 54 Freedom by using funds they withdrew from tax sheltered retirement accounts, upon the false promise and representation that they would profit from the investments and the funds would be ‘rolled over’ into another tax sheltered retirement account, or that [Griffin] would be responsible for the payment of taxes and penalties due from early distribution of such funds.”

6. On February 2, 2016, the Court in *SEC v. Griffin* stayed that case, “pending disposition of” *United States v. Griffin*.

7. On July 18, 2016, at the close of a seven-day trial, the jury in *United States v. Griffin* found Griffin guilty on all twenty-three counts of the Superseding Indictment.

8. On July 25, 2016, the Court in *SEC v. Griffin* lifted its prior stay of that case, which remains pending before the United States District Court for the Northern District of New York.

9. On December 16, 2016, the Court in *United States v. Griffin* entered its Judgment against Griffin, which sentences him, *inter alia*, to 60 months imprisonment (followed by three years of supervised release), and to pay restitution of \$2,153,530.93.

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; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange 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 fail to file the directed answer, or fail 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, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 17 C.F.R. § 201.360(a)(2), the Administrative Law Judge shall issue an initial decision no later than 75 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

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.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary