

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 84915 / December 21, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-17848

In the Matter of

James P. Griffin,

Respondent.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934**

I.

On February 16, 2017, the Securities and Exchange Commission (“Commission”) instituted proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against James P. Griffin (“Griffin” or “Respondent”). After an initial decision had issued in this matter, the Commission remanded the case to Chief Judge Murray for reassignment from Chief Judge Murray to a new ALJ pursuant to the Supreme Court’s decision in *SEC v. Lucia*, 138 S. Ct. 2044 (2018). By order dated September 12, 2018, Chief Judge Murray reassigned this case to Judge Cameron Elliot.

II.

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 Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Order”), as set forth below.

Respondent and the SEC Division of Enforcement recognize that, according to *Lucia v. SEC*, 138 S. Ct. 2044 (2018), Respondent is entitled to a “new hearing” before “another ALJ (or the Commission itself).” 138 S. Ct. at 2055. Respondent knowingly and voluntarily waives any claim or entitlement to such a new hearing before another ALJ or the Commission itself.

Respondents also knowingly and voluntarily waives any and all challenges to the administrative proceedings or any and all orders that were issued during or at the conclusion of those proceedings, whether before the ALJ, the Commission, or any court, based upon any alleged or actual defect in the appointment of Chief Judge Murray.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

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.

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. 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: ten counts of mail fraud (pursuant to 18 U.S.C. § 1341); eight counts of wire fraud (pursuant to 18 U.S.C. § 1343); and five 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."

3. 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 54Freedom 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.”

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

IV.

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

Accordingly, it is hereby ORDERED that, pursuant to Section 15(b)(6) of the Exchange Act, Respondent be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in an offering of penny stock, including acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer, or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

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.

By the Commission.

Brent J. Fields
Secretary

