

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 87939 / January 10, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19577

In the Matter of

HOWARD J. ALLEN III,

Respondent.

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

I.

On October 7, 2019, the Securities and Exchange Commission (“Commission”) instituted public administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Howard J. Allen, III (“Respondent” or “Allen”).

II.

Respondent has submitted an Offer of Settlement (“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, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraph III.B below, and 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.

III.

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

1. Allen, age 56, resides in Tarrytown, New York. He has been a registered representative since 1991 and has been the indirect owner and a registered representative of registered broker-dealer Portfolio Advisors Alliance, Inc. (“PAA”) since January 2009 through his ownership of Allen Partners Capital Group LLC, which directly owns PAA. Allen holds several licenses in the securities industry, including Series 7, 24, 63, and 65. From at least March 2011 to December 2013, PAA was the selling agent for a private placement offering for American Growth Funding II, LLC (“AGF II”).

2. On February 3, 2016, the Commission brought a civil injunctive action against, among others, Allen in the United States District Court for the Southern District of New York. The Commission's complaint alleged that, from at least March 2011 to December 2013, Allen, through his broker dealer PAA, sold AGF II securities in a private placement offering using offering documents that falsely stated that AGF II's financial statements had previously been audited and would continue to be audited at the end of each fiscal year. The Commission's complaint alleged that Allen learned by at least May or June 2012 that the offering documents were false but continued to send the false documents to investors for more than a year thereafter to solicit sales of AGF II units, without informing any investors that no audits had been performed or that the representation in the offering documents regarding an audit was false.

3. On May 15, 2019, a jury in the above-mentioned civil action (Securities and Exchange Commission v. Portfolio Advisors Alliance, Inc., Howard J. Allen III and Kerri L. Wasserman, Civil Action Number 16-CV-828 (S.D.N.Y.)), found that Allen: (a) violated Section 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; (b) was a control person of PAA under Section 20(a) of the Exchange Act and was responsible for PAA violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; and (c) aided and abetted PAA's, AGF II's, and Ralph C. Johnson's violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

4. On October 1, 2019, a final judgment was entered against Allen, permanently enjoining him from future violations of Section 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Portfolio Advisors Alliance, Inc., Howard J. Allen III and Kerri L. Wasserman, Civil Action Number 16-CV-828 (S.D.N.Y.).

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 pursuant to Section 15(b)(6)(A) of the Exchange Act, that Respondent Allen 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

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent Allen be, and hereby is barred from participating in any offering of a 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, compliance with the Commission's order and

payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

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

Vanessa A. Countryman
Secretary