

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 66858 /April 25, 2012

ADMINISTRATIVE PROCEEDING  
File No. 3-14790

---

In the Matter of	:	
	:	ORDER MAKING FINDINGS AND
AARON M. GLASSER	:	IMPOSING REMEDIAL SANCTIONS
	:	BY DEFAULT

---

The Securities and Exchange Commission (Commission) issued an Order Instituting Proceedings (OIP) on March 7, 2012, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The OIP alleges that Aaron M. Glasser (Glasser) was enjoined from future violations of the registration and antifraud provisions of the Securities Act of 1933 (Securities Act) and the Exchange Act in SEC v. Aubrey, 8:11-cv-01564-JVS-RNB (C.D. Cal. Feb. 3, 2012), and questions what remedial action is appropriate in the public interest pursuant to Section 15(b) if this allegation is true. The OIP requires that Glasser file an Answer within twenty days of service of the OIP. OIP at 3; 17 C.F.R. § 201.220(b).

On March 23, 2012, the Division of Enforcement (Division) filed a Status Report and Request for Postponement of Hearing. On March 27, 2012, I issued an Order finding that Glasser had been served with the OIP on March 17, 2012; postponing the hearing scheduled to begin on April 9, 2012; and scheduling a telephonic prehearing conference on April 19, 2012.

**Ruling**

Glasser is in default because he did not file an Answer, did not participate in the prehearing conference, and has not otherwise defended the proceeding, and I deem the following allegations in the OIP to be true. 17 C.F.R. §§ 201.155(a), .220(f), .221(f).

**Findings of Fact and Conclusions of Law**

Glasser is a twenty-nine-year-old resident of Irvine, California. From about August 2006 to October 2009, Glasser worked as a salesperson for Progressive Energy Partners, LLC (PEP).

Glasser holds Series 22 and 63 securities licenses.<sup>1</sup> Glasser was not registered as a broker-dealer or associated with a registered broker-dealer at the time he worked for PEP, and he has never been registered with the Commission in any capacity.

On October 11, 2011, the Commission initiated a civil action, Aubrey, naming Glasser and three others as defendants. The complaint alleged that from about September 2005 to December 2009, PEP conducted an \$11 million boiler room fraud that victimized more than 200 investors. Glasser worked for PEP as a salesperson, and fraudulently offered and sold PEP's unregistered securities to investors nationwide. Glasser told investors that their money would be used to develop and support oil and gas wells when, in fact, the bulk of the investors' money was used to pay alleged investor returns, the personal expenses of PEP's principal and manager, and undisclosed sales commissions to PEP salespeople. Specifically, in carrying out the fraud, Glasser: (1) misrepresented to investors they could expect a greater than fifty percent annual return on their investment; (2) failed to disclose to investors that up to thirty-five percent of their investment would be used to pay sales commissions; (3) falsely represented to investors that PEP used an accounting firm to assist with investor distributions; and (4) falsely represented that PEP's financial statements were audited. Finally, Glasser received about \$741,633 in total sales commissions from PEP.

The Court's final judgment in Aubrey, entered February 3, 2012, on default, permanently enjoined Glasser from future violations of Sections 5 and 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Exchange Act Rule 10b-5. The Court ordered Glasser to disgorge \$741,633, representing profits gained as a result of conduct alleged in the complaint, together with \$110,000.86 in prejudgment interest, and to pay a civil penalty of \$741,633. See 17 C.F.R. § 201.323.

### **Sanctions**

Section 15(b)(6)(A) of the Exchange Act states that the Commission shall impose sanctions on a person where the person, acting as a person associated with a broker or dealer, has been enjoined from engaging in conduct in connection with the purchase or sale of securities, if it is in the public interest to do so. See 15 U.S.C. § 78o(b)(4)(C); see, e.g., Vladislav Steven Zubkis, Exchange Act Release No. 52876 (Dec. 2, 2005), 86 SEC Docket 2618, 2627, recon. denied, Exchange Act Release No. 53651 (Apr. 13, 2006), 87 SEC Docket 2584 (barring an unregistered, associated person of an unregistered broker-dealer from association with a broker or dealer).

The Commission uses the following factors in determining the public interest: (1) the egregiousness of the respondent's actions; (2) whether the violations were isolated or recurrent; (3) the degree of scienter; (4) the sincerity of the respondent's assurances against future violations; (5) the respondent's recognition of the wrongful nature of his or her conduct; and (6)

---

<sup>1</sup> In May 2006, FINRA denied Glasser's registration because, in 2002, he pled guilty to four counts of check forgery and, in 2003, he pled guilty to one count of possession or sale of a controlled substance.

the likelihood that the respondent's occupation will present opportunities for future violations. See Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981).

Application of the Steadman factors shows that Glasser presents a threat to the public interest because of the likelihood of future violations. Glasser participated for over three years in an organized securities sales operation that was blatantly illegal and raised more than \$10 million from investors. Glasser received almost three-quarters of a million dollars in sales commissions. Glasser has given no indication that he acknowledges wrongdoing and did not contest the allegations in Aubrey or in this administrative proceeding. The Commission has held that, “[C]onduct that violates the antifraud provisions of the federal securities laws is especially serious and subject to the severest of sanctions under the securities laws.” Marshall E. Melton, Investment Advisers Act of 1940 Release No. 2151 (July 25, 2003), 56 S.E.C. 695, 713.

For all the reasons stated, it is in the interest of the public to bar Glasser from participating in the securities industry as allowed by Section 15(b)(6)(A) of the Exchange Act, except for bars from association with a municipal advisor or nationally recognized statistical rating organization. These collateral bars, added by the Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law on July 21, 2010, are impermissible in this proceeding because they retroactively attach new consequences to conduct that occurred prior to the statute's enactment.<sup>2</sup>

### **Order**

I ORDER, pursuant to Section 15(b) of the Securities Exchange Act of 1934, that Aaron M. Glasser is barred from association with a broker, dealer, investment adviser, municipal securities dealer, transfer agent, and from participating in an offering of penny stock.

---

Brenda P. Murray  
Chief Administrative Law Judge

---

<sup>2</sup> I disagree that the prospective application of the restriction eliminates the retroactivity concern in this proceeding. See Landgraf v. USI Film Prods., 511 U.S. 244, 273 (1994).