

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 67744 / August 28, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14998

In the Matter of

EDWARD A. ALLEN,

Respondent.

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

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 Edward A. Allen (“Allen” or “Respondent”).

II.

In anticipation of the institution of these proceedings, 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, Respondent consents to the Commission’s jurisdiction over him and the subject matter of these proceedings and to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

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

1. Since at least September 2005, Respondent has been the Chief Executive Officer of A&O Investments, LLC ("A&O"), a Florida limited liability company with its principal place of business in Lakeland, Florida. From December 2003 until he resigned in June 2007, Allen also was a registered representative associated with World Group Securities, Inc. ("WGS"), a broker-dealer registered with the Commission. Respondent is 35 years old, and is a resident of Auburndale, Florida.

2. On June 25, 2012, a judgment was entered against Allen, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("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. Edward A. Allen, et al., Civil Action Number 1:10-cv-1143, in the United States District Court for the Northern District of Ohio.

3. The Commission's complaint alleged that, from at least September 2005 until December 2008, Allen and his business partner raised approximately \$14.8 million from at least 100 investors through the offer and sale of unregistered securities in the form of promissory notes issued by A&O and several other related entities. The complaint further alleged that Allen and his partner solicited WGS customers to become investors while they were working at WGS and after they had left the firm. According to the complaint, Allen knowingly made material misrepresentations and omitted to state material facts about the use of investor funds, the risks of the investments, and the safety of investor funds. Among other things, Allen told investors that he and his partner would use the investors' money to purchase, rehabilitate, and sell real estate. He promised to pay investors annual returns of 20 percent, represented that the returns were generated from the sale of A&O's real estate properties, and told investors that he and his partner were doing well in the real estate market and were making money. The complaint further alleged that, in reality, Allen and his partner operated a Ponzi scheme by using approximately \$4.4 million of investor funds to pay "interest" and, in some cases, principal to previous investors. They spent only \$5.1 million of the \$14.8 million raised to purchase and rehabilitate real estate, and used \$2.2 million to pay personal expenses for themselves and their family members. Finally, the complaint alleged that Allen and his partner misrepresented and omitted to state material facts regarding the collateral securing the notes. As much as approximately \$5.5 million worth of A&O promissory notes purportedly were secured by the same piece of property at 5124 Windover Lane in Lakeland, Florida. As alleged in the complaint, the property's value was grossly inadequate to secure the notes.

4. Allen also has pled guilty to criminal conduct relating to the matters alleged in the civil complaint. Specifically, in *United States v. Allen*, Crim. No. 4:11-cr-00255 (N.D. Ohio.), Defendant pled guilty to Conspiracy to Commit Wire and Mail Fraud [18 U.S.C. § 1349] and Conspiracy to Launder Money [18 U.S.C. § 1956(h)]. In connection with that plea, Defendant admitted the facts set out in his plea agreement.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) 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

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, 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.

Elizabeth M. Murphy
Secretary