COMMISSIONER OF SECURITIES
STATE OF GEORGIA

In the Matter of **Paulson Wealth Management, Inc.,** **(CRD #150374),** **Respondent.**	:	**Case Number: ENSC-160586**

CONSENT ORDER

WHEREAS, on November 20, 2015, the Georgia Commissioner of Securities ("Commissioner") summarily entered an Order Suspending Registration and Imposition of Civil Penalty upon Respondent Paulson Wealth Management, Inc. ("Summary Order") in this matter; and

WHEREAS, Respondent has cooperated with the Commissioner in connection with the investigation of the facts and circumstances relating to the events that led to the entry of the Summary Order; and

WHEREAS, Respondent, without admitting or denying the allegations, findings and/or conclusions herein, voluntarily consents to the entry of this Consent Order, and waives any right to a hearing or to judicial review regarding this Consent Order;

NOW, THEREFORE, the Commissioner hereby enters this Order with the consent of Respondent:

I. FINDINGS OF FACT

A. The Parties

1. Paulson Wealth Management, Inc. ("Respondent") is a Delaware corporation with a principal office located at 213 West Wesley Street, Suite 202, Wheaton, Illinois 60187. Respondent is not registered with the Georgia Corporations Division.

2. Respondent is registered with the Commissioner as an investment adviser pursuant to O.C.G.A. § 10-5-32 of the Georgia Uniform Securities Act ("Act"), and is subject to the provisions of the Act and the Rules of the Commissioner of Securities adopted thereunder ("Rules").

3. Respondent's registration with the Commissioner was approved March 30, 2015. Prior to that date, Respondent was not registered with the Commissioner in any capacity.

B. Georgia Activities Prior to Registration

4. During July 2014, October 2014, and January 2015, Respondent received quarterly management fees from 16 separate accounts titled in the names of clients who were Georgia residents (the "Georgia Residents"). The accounts were associated with 9 individuals or households.

5. While Respondent collected the management fees detailed in paragraph 4 above, Respondent was not registered with the Commissioner in any capacity.

6. Based on the foregoing, on November 20, 2015, the Commissioner issued the Summary Order, which, among other things, found that Respondent had violated O.C.G.A. § 10-5-32(a), which provides, "[i]t is unlawful for a person to transact business in this state as an investment adviser unless the person is registered under this chapter as an investment adviser or is exempt from registration as an investment adviser under subsection (b) of this Code section."

7. Pursuant to O.C.G.A. 10-5-41(f), Respondent requested a hearing on the subject of the Summary Order. Consequently, the Summary Order did not become final.

8. On or about January 19, 2016, the Commissioner and Respondent, through counsel, engaged in an informal conference regarding the substance of the Summary Order. At that conference, Respondent contended that the fees that were paid by automatic deduction from the accounts of the Georgia Residents were, in fact, sub-advisory fees due, not from the Georgia Residents, but instead from another registered investment adviser (herein referred to as the "Primary Adviser"), with whom Respondent had entered into a Sub-Advisory Agreement. Respondent produced a copy of the Sub-Advisory Agreement, which provided, among other things, that the fee for the sub-advisory services rendered by Respondent to the Primary Adviser were to be paid by the clients of the Primary Adviser.

9. Notwithstanding the foregoing Sub-Advisory Agreement, Respondent also entered into Client Options Account Agreements ("Options Agreements") with each of the Georgia Residents, and said Options Agreements, among other things: (a) identified Respondent as the "Advisor" to the Georgia Residents; (b) recited that the Georgia Residents had provided suitability information to the Respondent; and (c) authorized the custodian of the accounts to accept the orders of the Respondent on behalf of the Georgia Residents.

10. Additionally, Georgia clients paid advisory fees directly to the Respondent in addition to advisory fees paid directly to the Primary Adviser, and there was no indication that said fees were authorized by the clients as sub-advisory fees.

11. The Respondent did not, in fact, initiate the options orders in the accounts of the Georgia Residents; rather, those orders were initiated by the Primary Adviser. However, the Respondent did provide assistance in executing the block trades and allocating the trades placed

by the Primary Adviser in the accounts of the Georgia Residents in accordance with the Primary Adviser's instructions. Similarly, Respondent contends that it did not receive suitability information from the Georgia Residents or formulate or give any investment advice for any of the Georgia Residents. The Commissioner does not find that Respondent received said suitability information or formulated or gave any such advice to the Primary Adviser's clients.

II. CONCLUSIONS OF LAW

12. Paragraphs 1 through 11 are incorporated by reference as though fully set forth herein.

13. The Commissioner has jurisdiction over this matter pursuant to the Act.[1]

14. Pursuant to O.C.G.A. § 10-5-70, *et. seq.*, the Commissioner is authorized to institute this investigation and issue this Order.

15. Pursuant to O.C.G.A. § 10-5-73(d), the Commissioner may impose a civil penalty of up to $50,000 for a single violation of the Act or Rules, or up to $500,000 for more than one violation.

16. Pursuant to O.C.G.A. § 10-5-32(a), "[i]t is unlawful for a person to transact business in this state as an investment adviser unless the person is registered under this chapter as an investment adviser or is exempt from registration as an investment adviser under subsection (b) of this Code section."[2]

17. Pursuant to O.C.G.A. § 10-5-2(17), the term "investment adviser," means a person that, for compensation engages in the business of advising others, either directly or through publications or writings, as to the value of securities or the advisability of investing in,

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[1] *See* O.C.G.A. § 10-5-41, 20-5-70 and 10-5-71.
[2] O.C.G.A. § 10-5-32.

purchasing, or selling securities or that, for compensation and as part of a regular business, issues or promulgates analysis or reports concerning securities."[3]

18. Respondent is an "investment adviser" pursuant to O.C.G.A. § 10-5-2(17) based on the activities detailed in paragraph 4 above.

19. Based upon the facts obtained by the Commissioner in the course of its investigation, including without limitation the facts recited in paragraph 10 above, the Commissioner concludes that, despite the fact that Respondent may have intended to serve only as a Sub-Advisor to the Primary Adviser, the Respondent became an investment adviser to the Georgia Residents by receiving advisory fees directly from Georgia clients, and by executing the Options Agreements, or at a minimum, by signing the Options Agreements may have led one or more of the Georgia Residents to reasonably conclude that Respondent was their investment adviser, at a time when Respondent was not registered.

20. Respondent's activities as an investment adviser without a registration with the Commissioner are violations of O.C.G.A. § 10-5-32(a)[4] and Respondent is subject to discipline, including the imposition of a civil penalty pursuant to O.C.G.A. § 10-5-73(d).

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[3] O.C.G.A. § 10-5-2(17).
[4] *See* O.C.G.A. § 10-5-32(a).

III. ORDER

WHEREFORE, by the authority vested in me as the Commissioner of Securities for the State of Georgia, **IT IS HEREBY ORDERED:**

1. Paulson Wealth Management, Inc. pay the sum of three thousand five hundred dollars ($3,500.00) to the Commissioner within thirty (30) days of the effective date of this Order. The $3,500.00 is comprised of a $2,500.00 civil penalty fine and a $1,000.00 payment to reimburse the Commissioner for its investigative costs.

2. This Order is entered into for purposes of resolving only the matter as described herein and all matters as of which the Commissioner has knowledge at the time of this final Order, with respect to Respondent. Respondent neither admits nor denies the facts and conclusions contained herein. Therefore, nothing contained herein shall be deemed to establish any fact or conclusion in any other proceeding, and this Order shall have no collateral estoppel effect in any other lawsuit, proceeding, or action, not described herein. Likewise, this Order shall not be construed to restrict the Commissioner's right to initiate an administrative investigation or proceeding relative to conduct by Respondent of which the Commissioner has no knowledge at the time of the date of final entry of this Order.

3. The entry of this Order is deemed to be in the public interest, and shall not be deemed to constitute findings or conclusions relating to other persons unrelated to Respondent and shall not be deemed to be a waiver or estoppel on the part of the Commissioner from proceeding in individual actions against any person who may have violated the Act or any transactions not specifically referred to herein or not known to the Commissioner at the time this Order was issued.

4. Entry of this Order serves to vacate the Order Suspending Registration and Imposition of Civil Penalty dated November 20, 2015.

SO ORDERED this 10th day of August, 2016.

Dated: 8/10/16

BRIAN P. KEMP
SECRETARY OF STATE
COMMISSIONER OF SECURITIES

By: _____
C. Ryan Germany
Assistant Commissioner of Securities

CONSENTED TO BY:

PAULSON WEALTH MANAGEMENT, INC.

By: _____
Nathan Paulson, President