

BEFORE THE SECURITIES COMMISSIONER  
OF THE STATE OF KANSAS



In the Matter of:

Paul Le,

Docket No. 248040  
KSC No. 2022-6801

Respondent.

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Pursuant to K.S.A. 17-12a604

CONSENT ORDER

1. The Staff of the Office of the Kansas Securities Commissioner (“KSC Staff”) alleges that Paul Le (“Le”) engaged in conduct constituting violations of the Kansas Uniform Securities Act, K.S.A. 17-12a101 *et seq.* (“the KUSA”), and that Le is subject to administrative sanctions and remedies under K.S.A. 17-12a604.

2. Le and KSC Staff desire to settle the matters raised by KSC Staff relating to Le’s alleged violations.

CONSENTS AND WAIVERS

3. Le and KSC Staff stipulate and agree that, under the KUSA, the Securities Commissioner of Kansas (“the Commissioner”) has jurisdiction over Le and this matter.

4. Le and KSC Staff stipulate and agree that the Commissioner has authority to enter this Order under K.S.A. 17-12a604.

5. Le waives his right to a hearing with respect to these matters.

6. Le waives any rights that he may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order.

7. Le and KSC Staff agree to the issuance of this Order without further proceedings in this matter and agree to be fully bound by the terms and conditions specified herein.

8. Le acknowledges and understands that he may consult with an attorney of his own choosing regarding this Order and its contents and acknowledges that his decision to agree to the issuance of this order is knowing and voluntary.

9. Without admitting or denying the allegations made by the KSC Staff as reflected in the Findings of Fact and Conclusions of Law set forth below, Le agrees to the issuance of this Order based on such Findings of Fact and Conclusions of Law solely for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this specific Order.

#### FINDINGS OF FACT

10. Le (DOB: XX/XX/1991) is an individual who, at the times relevant hereto, resided in Wichita, Kansas.

11. The conduct described herein took place within Sedgwick County, Kansas.

12. In approximately November of 2020, Le formed an investing group called “the \$1 million Club” (hereinafter “the Club”) together with three other individuals (hereinafter “Investors”). The Club disbanded in approximately June 2021 as explained below. The Investors were all residents of Sedgwick County, Kansas.

13. The purpose of the Club was for Le and the Investors to pool their investment funds (hereinafter “the Pooled Funds”) which Le would use to trade stocks

through his E\*TRADE account on the Club's behalf. Ultimately, the Investors contributed at least \$14,100 and Le purportedly contributed \$5,000 to the Pooled Funds. The Club's goal was to increase the Pooled Funds through Le's stock trading to \$1 million within a year.

14. Under the agreements between Le and the Investors (hereinafter "the Pooled Fund Agreements"), each individual would be entitled to a share in Le's trading profits proportionate to each individual's initial investment.

15. Before the Investors delivered their investment funds to Le, Le told them that he had the requisite experience in trading securities to accomplish the Club's goal. Le told the Investors that he had made hundreds of thousands of dollars trading stocks in the preceding years. In an interview with KSC Staff on November 10, 2022, Le acknowledged that he had not made hundreds of thousands of dollars trading stocks before entering into the Pooled Fund Agreements with the Investors.

16. Le's statements to the Investors regarding his prior stock trading experience were untrue statements of fact.

17. In an interview with KSC Staff on November 10, 2022, Le acknowledged that to calculate the \$1 million projection he used an Excel spreadsheet and compounded the initial Pooled Funds by an arbitrary 10% a day (hereinafter "Trading Projections"). Further, Le acknowledged that he had never produced returns similar to these projections in his prior stock trading experience.

18. The Trading Projections Le made to the Investors, as described above were prepared using an unreasonable method and lacked a reasonable basis.

19. In communicating the Trading Projections to the Investors, Le made implicit statements that the Trading Projections were prepared using a reasonable method and had a reasonable basis. These implicit statements regarding the Trading Projections were untrue statements of fact.

20. In November 2020, the Investors delivered at least \$14,100 to Le, which Le deposited (purportedly along with \$5,000 of his own funds) into an E\*TRADE account held in his name, account ending 7009 (hereinafter “the E\*TRADE Account”).

21. From approximately November of 2020 to June of 2021, Le used the Pooled Funds to trade stocks through the E\*TRADE Account on the Club’s behalf. During this period, Le’s trading of securities was unsuccessful, and the value of the E\*TRADE Account declined significantly.

22. During the time Le was trading stocks on behalf of the Club, Le periodically communicated with the Investors regarding the purported success of his trading strategy via a group text messaging thread. In these text messages, Le repeatedly made statements to the Investors misrepresenting the true value of the E\*TRADE account and sent numerous screenshots of alleged profits of his successful stock trades to the Club. During his interview with KSC Staff, Le stated that “50%-80%” of the screenshots he sent to the Investors via text messages contained intentionally inflated figures to show more money in the account than actually existed.

23. Le also repeatedly made intentional misrepresentations about the worth of the Club’s account value apart from the aforementioned screenshots. On approximately

December 30, 2020, Le claimed to the Club via text message that the E\*TRADE account had a value of approximately \$88,000. In reality, the account had a value of \$421.78.

24. During the Club's approximate 8-month existence, Le sent multiple text messages to the Club's group chat stating he had made them in excess of \$100,000 from his trading. However, Le confirmed to KSC Staff that the account never had more than \$70,000.00 to \$80,000.00. Further, statements for the account show that Le's trading was consistently unsuccessful, resulting generally in account losses.

25. On June 23, 2021, E\*TRADE received a complaint from Fidelity Bank ("Fidelity"), the bank where Le's held his personal account, regarding wire transfers he had made from Fidelity to E\*TRADE. After investigating the complaint, E\*TRADE shut down Le's account and refunded the wire transfers to Fidelity.

26. Shortly after E\*TRADE shut the account down, Le told the group that the IRS locked his account for the failure to pay taxes for 2022. Le texted the group that he needed \$4,250 from each of the Investors to unlock the account, to retain their gains in the E\* TRADE account, and to allow him to begin trading again.

27. Each Investor delivered at least \$4,000.00 to Le in June of 2021. However, Le used the funds for purposes unrelated to trading for the benefit of the Club. During his interview with KSC Staff, Le acknowledged that the E\*TRADE account was not locked by the IRS.

#### CONCLUSIONS OF LAW

28. The Commissioner has jurisdiction over Le and this matter.

29. The Pooled Fund Agreements are securities as that term is defined in K.S.A. 17-12a102(28).

30. In connection with the offer and sale of the Pooled Fund Agreements, the facts regarding Le's prior securities trading experience, as stated to the Investors, were material within the meaning of K.S.A. 17-12a501(2).

31. Le violated K.S.A. 17-12a501(2) by making untrue statements of material fact regarding his prior securities trading experience.

32. In connection with the offer and sale of the Pooled Fund Agreements, the facts that the Trading Projections had been prepared using a reasonable method and had a reasonable basis, as implicitly stated to the Investors, were material within the meaning of K.S.A. 17-12a501(2).

33. Le violated K.S.A. 17-12a501(2) by making implicit untrue statements of material fact regarding the Trading Projections.


#### ORDERS

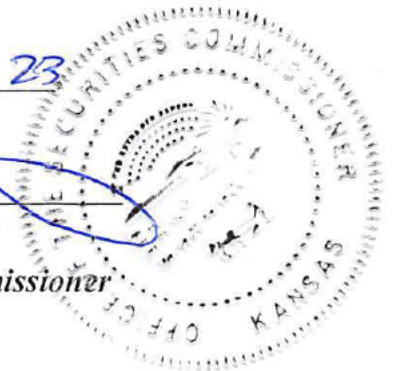
**IT IS THEREFORE ORDERED** that Le shall pay a civil penalty in the amount of \$15,000. Payment shall be made payable to the "Office of the Kansas Securities Commissioner," and delivered to Jack Clayton Johnson, Assistant General Counsel, at 1300 SW Arrowhead Road, Topeka, KS 66604. Such payment shall be made within 30 days of the issuance of this Order. Upon receipt, such payment shall be deposited in the Investor Education and Protection Fund.

**IT IS FURTHER ORDERED** that Le shall immediately **CEASE AND DESIST**, in connection with the offer or sale of a security in the State of Kansas, from making an untrue statement of material fact, and from omitting to state any material fact necessary in order to make other statements made, in the light of the circumstances under which they are made, not misleading. In connection with any offer of a security in the State of Kansas made within 10 years of the date of this Order and in which Le is the issuer or seller, or in which Le is an officer, director, partner, manager, control person, or agent of the issuer or seller, Le shall, within five days of such offer and before the security is sold, provide the person to whom the security is offered a copy of this Order.

**IT IS SO ORDERED BY THE COMMISSIONER.**

Entered at Topeka, Kansas, this 27<sup>th</sup> day of October, 20 23

  
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Daniel J. Klucas  
*Kansas Securities Commissioner*



APPROVED BY:

  
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Bretton W.H. Kreifel, #27973  
Staff Attorney  
OFFICE OF THE KANSAS SECURITIES COMMISSIONER  
*Attorney for KSC Staff*

APPROVED AND CONSENTED TO BY:

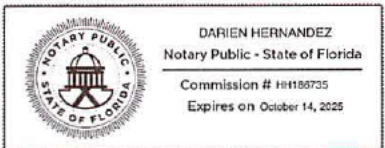



Paul Le  
*Respondent*

STATE OF FLORIDA )  
 ) SS:  
COUNTY OF PALM BEACH )

This instrument was signed before me on this 23 day of OCTOBER, 2023,  
by Paul Le.

(seal)



Darien Hernandez   
Notary Public

My appointment expires: 10/14/2025

This notarial act was an online notarization  
Produced a Kansas Driver License



## NOTICE

- (1) A party to this action may petition the Commissioner for reconsideration within 15 days after service of a final order, following the procedures in K.S.A. 77-529. Under K.S.A. 77-528, a party may petition for a stay of effectiveness of this order until the time at which a petition for judicial review would no longer be timely.
- (2) This order may be subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Securities Commissioner is Jack Clayton Johnson, Assistant General Counsel, at 1300 SW Arrowhead Road, Topeka, Kansas 66604.
- (3) This order contains orders to cease and desist issued by the Kansas Securities Commissioner pursuant to K.S.A. 17-12a604(a). An intentional violation of any order to cease and desist contained herein is a severity level 5 nonperson felony.