

**SECURITIES AND EXCHANGE COMMISSION V. AARON DONALD VALLETT AND A.D. VALLETT & CO. LLC**

**U.S. SECURITIES AND EXCHANGE COMMISSION**

**Litigation Release No. 21557 / June 16, 2010**

**Securities and Exchange Commission v. Aaron Donald Vallett and A.D. Vallett & Co. LLC, Case No. 3:10-CV-00551 (M.D. Tenn.)**

**SEC OBTAINS PERMANENT INJUNCTION AGAINST AARON DONALD VALLETT AND A.D. VALLETT & CO., LLC**

On June 9, 2010, the Honorable William Haynes of the Middle District of Tennessee entered an Order permanently enjoining defendants Aaron Donald Vallett ("Vallett"), a registered representative in Brentwood, Tennessee, and A.D. Vallett & Co., LLC ("Vallett & Co."), a state-registered investment adviser, from violations of Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder; and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940.

In its Complaint, the U.S. Securities and Exchange Commission ("Commission") alleged that between September 2008 and April 2010, Vallett raised \$5.5 million from 19 investors by misrepresenting the nature of Vallett & Co.'s investments. Vallett used investor funds to cover personal expenses and to pay investors in his first offering with investment funds intended for his second offering. Vallett also claimed that Vallett & Co.'s investments were for notes to be secured by Vallett's personal and business assets; however, in a recent examination by the Financial Industry Regulatory Authority, Vallett provided false documentation suggesting that the collateral exceeded the amount raised.

The Court's Order also continued an asset freeze ordered earlier, provided for expedited discovery and, among other provisions, ruled that the issues of whether to order that the defendants pay disgorgement, prejudgment interest thereon and civil penalties will be decided at a later date. Vallett and Vallett & Co. consented to the issuance of the Order without admitting or denying the allegations in the Commission's Complaint.