

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

NICHOLAS ELKHOURY
RESPONDENT

CONSENT ORDER
NO. CO-2024-0025

CONSENT ORDER

The Alabama Securities Commission (“Commission”), having authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act (“Act”), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENT

1. **NICHOLAS ELKHOURY (“ELKHOURY” or “RESPONDENT”)** is an individual who at all relevant times resided in Vestavia Hills, Alabama. **ELKHOURY** has never been registered with the Commission in any capacity.

STATEMENT OF FACTS

2. Beginning in or about December 2019 and continuing through in or about May 2022, **ELKHOURY** held himself out to multiple individuals as a successful investor who could make money for them trading in securities and other assets. During the time he resided in Alabama, **ELKHOURY** accepted investments totaling approximately \$550,771.11 from 6 individuals, all of whom were his friends and family members.

3. **ELKHOURY** stated to several potential investors that he did not intend to take any commissions or other compensation for handling their funds. However, **ELKHOURY** in fact

converted approximately \$91,573.10 of investor funds to his own use, which he used for personal expenses.

4. To the extent **ELKHOURY** invested his investors' funds, he racked up significant trading losses. However, he concealed those losses from investors, communicating instead both orally and in writing that their funds had grown.

5. In May 2022, **ELKHOURY** admitted to several investors that he in fact had lost their money, explaining that he lied to them because he thought that at some point he would be able to "get out of it" and cover the losses.

6. A review of the records of the Registration Division of the Alabama Securities Commission was conducted and revealed that the agreement between **ELKHOURY** and his investors was not registered in any capacity with the Commission. Further, the contract was not subject to any perfected exemption from registration.

CONCLUSIONS OF LAW

7. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of a security includes any "investment contract." The agreements between **ELKHOURY** and investors to trade in securities and other assets were investment contracts, and therefore securities, under the Act.

8. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or sell any security in Alabama unless the security is registered under the Act or an exemption from registration is applicable. The investment contracts **ELKHOURY** offered and sold were neither registered nor subject to a perfected exemption from registration, in violation of the Act.

9. Pursuant to Section 8-6-2(18), Code of Alabama 1975, an "investment adviser" is "[a]ny person who, for compensation, engages in the business of advising others . . . as to the advisability of investing in, purchasing, or selling securities . . ." **ELKHOURY** acted as an investment adviser by recommending to investors that they purchase securities through him.

10. Pursuant to Section 8-6-3(b)(1), Code of Alabama 1975, it is unlawful for any person to transact business in Alabama as an investment adviser without being registered with the Commission. **ELKHOURY** acted as an unregistered investment adviser, in violation of the Act.

11. Pursuant to Section 8-6-17(a)(3), Code of Alabama 1975, it is unlawful for any person, in connection with the offer, sale, or purchase of any securities, directly or indirectly, to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. **ELKHOURY** misrepresented to investors that he was not taking any compensation and concealed from them the losses they had suffered, in violation of the Act.

12. Pursuant to Section 8-6-3(j)(2), Code of Alabama 1975, the Commission may by order bar any investment adviser as to any function or activity of the business for which registration is required in this state if the Commission finds that the order is in the public interest and that the investment adviser has willfully violated or willfully failed to comply with any provision of the Act. As described above, **ELKHOURY** willfully violated the Act's registration and anti-fraud provisions.

WHEREAS, **ELKHOURY** agrees that he shall make the payments pursuant to the agreements he reached with investors, summarized as follows:

- a. Investor "MH": an initial payment of \$10,000, which has already been made, and an additional payment of \$10,000 upon the sale of certain properties owned or controlled by **ELKHOURY**.
- b. Investor "OA": (i) an initial payment of \$20,000 no later than December 31, 2024, (ii) an additional \$30,000 no later than six months after OA's receipt of the initial payment, and (iii) an additional \$130,000 no later than eight years after OA's receipt of the second payment, with a minimum payment of \$5,000 per year.

- c. Investor "MS": a payment of \$10,000, which has already been made.
- d. Investors "SN" and "MN": a payment of \$50,000 no later than ten days after the date of entry of this Order and a payment of \$35,000 no later than April 1, 2025.

WHEREAS, ELKHOURY voluntarily waives all rights to a hearing upon entry of this Order and has consented to the entry of this Order, and

WHEREAS, the Commission finds this Order necessary and appropriate in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act;

WHEREAS, the Commission and ELKHOURY are desirous of settling this matter as hereafter set forth and agreed.

ACCORDINGLY, IT IS HEREBY ORDERED:

1. that ELKHOURY be BARRED from registration, or engaging in securities activities into, within, or from the state of Alabama.
2. that ELKHOURY shall comply with his undertakings set forth in paragraphs a-d above.

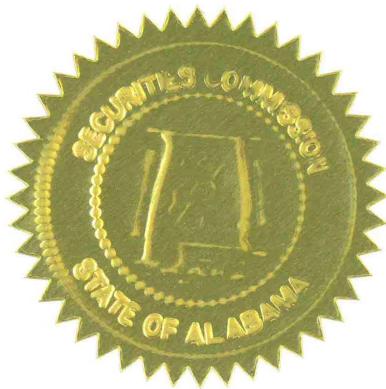
AGREED AND CONSENTED to on the date indicated:

RESPONDENT

Nicholas Elkhouri
NICHOLAS ELKHOURY

DATE: October 2, 2024

APPROVED AND AGREED this 7th day of October, 2024



ALABAMA SECURITIES COMMISSION
445 Dexter Avenue, Suite 12000
Montgomery, AL 36104
(334) 242-2984

BY: *ASenn*
AMANDA SENN
Director