

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

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SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No.
)	
INTERINVEST CORPORATION, INC. and)	JURY TRIAL DEMANDED
HANS PETER BLACK)	
)	
Defendants,)	
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COMPLAINT

Plaintiff Securities and Exchange Commission (“the Commission”) alleges the following against defendants Interinvest Corporation, Inc. (“Interinvest”) and Hans Peter Black (“Black”) (collectively, “Defendants”), and hereby demands a jury trial:

PRELIMINARY STATEMENT

1. This case involves an ongoing fraudulent breach of fiduciary duty by Interinvest, an investment adviser registered with the Commission, and Black, Interinvest’s owner, President, Chief Compliance Officer, and Chief Investment Officer. Since at least 2010, Defendants engaged in a scheme to funnel Interinvest client assets into four financially troubled Canadian penny stock companies which have collectively paid an entity controlled by Black at least approximately \$1.7 million (CAD). Defendants invested more than \$17 million of client assets in the Canadian penny stock companies while failing to disclose Black’s material conflict of interest with respect to the investments. In connection with the scheme, Black made misrepresentations concerning the character of the Canadian penny stock company investments, ignored client instructions, and knowingly and deceptively diverted from a conservative

investment strategy that Interinvest promoted and its clients expected. As of March 1, 2015, Defendants' fraudulent conduct has resulted in unrealized losses of more than \$12 million in Interinvest client accounts.

2. Defendants perpetuated their fraud and placed Interinvest's client funds at further risk by ignoring internal warning signals concerning Black's conflicts of interest and by continuing to operate without remediating acknowledged control deficiencies. As early as February and March 2014, Interinvest's then Chief Compliance Officer recommended that the company cease trading in the Canadian penny stock company investments, a recommendation that was ignored by Defendants. Since January 2015, Defendants have engaged in evasive and dilatory tactics to unreasonably delay complying with a Commission subpoena attempting to investigate defendants' misconduct and the scope of their clients' losses. Also in January 2015, Defendants acknowledged certain disclosure obligations and control deficiencies to the Commission, but have failed to take promised steps to address the issues.

3. By virtue of the foregoing conduct and as alleged further herein, Defendants have engaged and are still engaged in: (a) fraudulent or deceptive conduct upon an advisory client in violation of Sections 206(1) and 206(2) of the Investment Advisors Act of 1940 ("Advisors Act"); (b) fraudulent or deceptive conduct in connection with the purchase or sale of securities, in violation of Section 10(b) of the Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder; and (c) fraud in the offer or sale of securities, in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act").

4. To halt Defendants ongoing unlawful conduct, maintain the status quo, and preserve any remaining assets for defrauded advisory clients investors before entry of a final judgment, the Commission seeks a temporary restraining order and preliminary injunction to: (a)

prohibit Interinvest from continuing to violate the relevant provisions of the federal securities laws; (b) freeze Interinvest's assets; (c) prohibit Interinvest from continuing to exercise investment authority over client accounts; (d) require Interinvest to repatriate all money obtained from investors that is now located outside the United States; and (e) prevent Interinvest from destroying relevant evidence.

5. The Commission also seeks: (a) a permanent injunction prohibiting the Defendants from further violations of the relevant provisions of the federal securities laws; (b) disgorgement of the Defendants' ill-gotten gains, plus prejudgment interest; and (c) civil penalties due to the egregious nature of the Defendants' violations.

JURISDICTION

6. The Commission seeks a permanent injunction and disgorgement pursuant to Section 209(d) of the Advisers Act [15 U.S.C. §80b-9(d)], Section 20(b) of the Securities Act [15 U.S.C. §77t(b)], and Section 21(d)(1) of the Exchange Act [15 U.S.C. §78u(d)(1)]. The Commission seeks the imposition of civil penalties pursuant to Section 209(e) of the Advisers Act [15 U.S.C. §80b-9(e)], Section 20(d) of the Securities Act [15 U.S.C. §77t(d)], and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)].

7. This Court has jurisdiction over this action pursuant to Sections 209(d), 209(e) and 214(a) of the Advisers Act [15 U.S.C. §§80b-9(d), 80b-9(e), 80b-14(a)], Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§77t(b), 77t(v), 77v(a)], and Sections 21(d)(1), 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(d)(1), 78u(e), 78aa]. Venue is proper in this District because Interinvest is organized and transacted business in Massachusetts and a number of the investors are located in Massachusetts.

8. In connection with the conduct described in this Complaint, the Defendants directly or indirectly have made use of the mails or the means or instruments of transportation or communication in interstate commerce.

9. The Defendants' conduct has involved fraud, deceit, or deliberate or reckless disregard of regulatory requirements, and has resulted in substantial loss, or significant risk of substantial loss, to other persons.

DEFENDANTS

10. **Interinvest Corporation, Inc.** is a Massachusetts corporation organized in 1980 with its principal place of business in Boston, Massachusetts. It has been registered with the Commission as an investment advisor since 1980. It is owned and controlled by Black. At all relevant times, Interinvest was engaged in the business of providing investment advice principally to individual investors.

11. **Hans Peter Black**, age 62, resides in Westmount, Canada. He is the founder of Interinvest and is currently the firm's owner, President, Chief Compliance Officer, and Chief Investment Officer. At all relevant times, Black was the principal client relationship manager at Interinvest, had sole discretion over the management of Interinvest client portfolios, and had ultimate operational responsibility and control of Interinvest. Black controls two private companies based in Montreal, Canada that are purportedly engaged in research activities, Interinvest Consulting Corporation of Canada and Zurmont Research Incorporated ("Zurmont"). Starting in November 2006 and continuing through the present, Black has served as a member of the Board of Directors for a number of Canadian companies that are penny stock issuers. Penny stocks are defined as low priced shares of small companies, typically under five dollars per share. The penny stock issuers on whose boards Black joined include: Tyhee Gold Corporation

(since May 2011), Williams Creek Gold Ltd. (in 2010 and since November 2011, and as interim Chairman and CEO since June 2014), Amorfix Life Sciences Ltd. (from November 2006 to August 2014), and Wi2Wi Corporation (from 2006 to March 2015) (collectively, the “Canadian Penny Stock Companies”).

RELATED ENTITIES

12. **Interinvest Consulting Corporation of Canada**, is a private company based in Montreal, Canada, controlled by Black, and purportedly affiliated with Interinvest. Interinvest Consulting Corporation of Canada was registered as an investment adviser in Quebec until 2012, when the company voluntarily withdrew its registration in connection with an action by the Quebec Autorité des Marchés Financiers relating to the company’s alleged failure to provide certain required financial information.

13. **Zurmont Research Incorporated**, is a private company based in Montreal, Canada. Black is the president of and exercises management control over Zurmont, which purports to engage in economic and finance research for individual and corporate clients. The company’s ownership is divided between Black and his mother. Since approximately 2011, Zurmont has performed services for, and received payments from, the same Canadian Penny Stock Companies that Black has been serving as a member of the Board of Directors.

14. **Tyhee Gold Corporation** represents in its public filings that it is engaged in the exploration and development of mineral properties in Canada. The company is incorporated under the laws of British Columbia and located in Vancouver. The company is publicly traded on the TSX Venture Exchange under the symbol TDC. Since 2010, Tyhee’s stock has not traded above \$0.20 (CAD) per share. During the relevant time period, Tyhee did not earn revenue from operations and repeatedly disclosed that it may not be able to continue as a going concern in the

normal course of its operations. From 2012 to March 2014, Interinvest accounted for more than half of Tyhee's daily trading volume on 40% of all trading days.

15. **Amorfix Life Sciences, Ltd.** represents in its public filings that it is engaged in diagnostic and therapeutic product development. The company is incorporated under the Canada Business Corporations Act and located in Mississauga, Canada. The company is publicly traded on the Toronto Stock Exchange under the symbol AMF. Since 2010, Amorfix's stock has not traded above \$0.65 (CAD) per share. During the relevant time period, Amorfix was unable to generate profits from operations and repeatedly disclosed that it may not be able to continue as a going concern in the normal course of its operations.

16. **Wi2Wi Corporation** represents in its public filings that it is engaged in design, manufacture, and marketing of products used for wireless applications. The company is incorporated under the Canada Business Corporations Act and located in San Jose, California. The company is publicly traded on the TSX Venture Exchange under the symbol YTY. Since going public in February 2013, Wi2Wi's stock has not traded above \$0.60 (CAD) per share. During the relevant time period, Wi2Wi was unable to generate profits from operations and repeatedly disclosed that it may not be able to continue as a going concern in the normal course of its operations.

17. **Williams Creek Gold Limited** represents in its public filings that it is engaged in the business of exploring precious and base mineral properties in Canada. The company is incorporated under the laws of British Columbia and located in Vancouver, British Columbia. The company is publicly traded on the TSX Venture Exchange under the symbol WCX. Since 2010, Williams Creek's stock has not traded above \$0.45 (CAD) per share. During the relevant time period, Williams Creek did not earn revenue from operations. When the company most

recently publicly filed financials in December 2014, Williams Creek disclosed that it may not be able to continue as a going concern in the normal course of its operations.

STATEMENT OF FACTS

I. Interinvest's Advisory Business

18. Interinvest is a Massachusetts-based investment adviser that has been registered with the Commission since 1980. As of April 2015, Interinvest purported to manage almost \$95 million dollars in 78 accounts, principally on behalf of individual investors.

19. To start an investment advisory relationship, Interinvest clients generally open accounts at a third party custodian and sign an agreement with Interinvest that affords the adviser broad discretionary authority to purchase and sell securities in the account. Interinvest clients pay fees ranging from 1–2% of assets under management in return for the company's investment advice.

20. Interinvest purports to provide “individually managed” and “fully customized” portfolios for its clients pursuant to a research process that is “fully independent.”

21. In addition to an independent research process, the company advertises a “conservative, risk averse investment approach” and an emphasis on “capital preservation.”

22. Black, as Interinvest's Chief Investment Officer, holds himself out to Interinvest clients as each client's personal portfolio manager. Black had sole discretion over the management of Interinvest client portfolios. In addition, Black served as the principal contact for Interinvest client questions or concerns regarding investment decisions.

II. Black's Material Conflict of Interest in Investing Client Funds

23. Since approximately 2006, Black has taken positions on the board of directors of the Canadian Penny Stock Companies.

24. In November 2006, Black accepted a position as a director of Amorfix, which he has held until his resignation in August 2014. From at least 2011 until his resignation, Black was a member of the Corporate Governance and Nominating Committee and the Audit Committee. Black also chaired the board's Finance Committee since its establishment in 2010 and, in that role, made recommendations on the pricing, size and form of capital raises.

25. In 2006, Black accepted a position as director of Wi2Wi Corporation, which he held until his resignation in May 2015. Black was listed as a "promoter" of Wi2Wi in its November 2012 proxy circular because of his involvement in the negotiation of the company's going public transaction and, after the transaction closed, served as Chairman of the company until his resignation from the board. In 2014, Black also served on all three Wi2Wi board committees – the Governance and Nominating Committee, the Compensation Committee, and the Audit Committee. Wi2Wi's former CEO, who joined Wi2Wi in 2008 and left in March 2014, stated that, during his tenure, Black had control over all financing decisions made at the company and had unilateral authority to spend company money.

26. In May 2011, Black became a director of Tyhee Gold Corporation and still holds this position today. Black joined Tyhee's Audit Committee and Governance and Nominating Committees in 2011 upon election to the board, became a member of the Compensation Committee in 2013 and remains a member of all three committees today.

27. In March 2010, Black became a director of Williams Creek and held the position until July 2010, when he declined to stand for election because of purported "inadventent incompleteness" in Williams Creek's proxy information circular. In November 2010, after he stepped down from the board, Black was granted stock options on the same terms granted to the members of the board "for consulting services [he] agreed to provide . . . and in recognition of

past consulting services rendered to the Company.” Black re-joined Williams Creek’s board in November 2011 and still holds the position today. By 2014, Black was appointed Chairman and interim Chief Financial Officer of Williams Creek and had joined the company’s Audit Committee and Investment Committee. In his role as member of the Investment Committee of the board, Black was tasked with considering investment opportunities.

28. Black’s participation as member of the board of directors involved fundraising for these struggling businesses. For example, R.M-A., who was the Chief Executive Officer (“CEO”) of Wi2Wi from 2008 until March 2014, worked with Black in fundraising for the company. During R.M-A.’s tenure, the company often lacked funding to satisfy outstanding expenses and to enable it to manufacture product to satisfy client orders. Wi2Wi relied on Black to raise funding necessary to continue its operations. Black had full control of all financing decisions at Wi2Wi, including decisions regarding whether, when, and how to seek equity or debt financing from outside investors. On a number of occasions, R.M-A. personally informed Black that Wi2Wi needed additional funding to sustain its operations. In board meetings, Black would, from time to time, represent that additional funds would be made available from Interinvest client accounts. And, during the period of 2008 to March 2014, defendants invested over \$5.5 million of Interinvest client money in Wi2Wi.

29. As another example, from 2008 to 2013, Black, as a director of Amorfix, held shared responsibility for executing the company’s financing strategy. During the period, Black reported to the board on progress of this strategy and was responsible for the vast majority of investments made in Amorfix. And, during that period, defendants invested \$1 million of client money in Amorfix.

30. In addition to his participation on the boards of these Canadian Penny Stock

Companies, since December 2011—while a board member of each of these companies—Black, through his entity Zurmont, has received over \$1.7 million (CAD) in expense reimbursements and consulting fees from the Canadian Penny Stock Companies.

31. Black, through Zurmont, received in excess of \$900,000 (CAD) from Tyhee since December 2011, more than \$550,000 from Williams Creek since January 2012, almost \$240,000 (CAD) from Wi2Wi since November 2012 to pay for expenses dating back to 2008, and at least \$20,000 (CAD) from Amorfix in January 2014.

32. The payments Zurmont obtained from Tyhee, Wi2Wi, and Amorfix were principally purported reimbursements for lavish travel and meal expenses from more than eighty purported business trips, but also included purported reimbursement for operational items such as phone bills, copying expenses, personnel time, and legal fees.

33. The payments Black obtained from Williams Creek were pursuant to a purported consulting arrangement.

34. Defendants held a fiduciary obligation to Interinvest clients to disclose all actual or potential material conflicts of interest.

35. From 2011 through March 2014, however, defendants failed to disclose Black's positions with the Canadian Penny Stock Companies, Black's affiliation with, and control of, Zurmont, the financial arrangements between Zurmont and the Canadian Penny Stock Companies, or the cash payments from the Canadian Penny Stock Companies to Zurmont.

36. The Form ADV is the uniform form used by investment advisers to register with the Commission. The form consists of two parts. Part I requires, among other things, information about the investment adviser's business, ownership, clients, employees, business practices, and affiliations. Part II requires investment advisers to prepare narrative brochures

written in plain English that contain information such as the types of advisory services offered, the adviser's fee schedule, disciplinary information, and conflicts of interest. The brochure is the primary disclosure document that investment advisers provide to their clients. When filed, the brochures are available to the public on the Commission's Investment Adviser Public Disclosure ("IAPD") website.

37. From 2011 through March 2014, Interinvest's form ADV, which the defendants filed with the Commission and distributed to potential and existing Interinvest clients, failed to disclose Black's positions with the Canadian Penny Stock Companies, Black's affiliation with, and control of, Zurmont, the financial arrangements between Zurmont and the Canadian Penny Stock Companies, or the cash payments from the Canadian Penny Stock Companies to Zurmont.

38. The defendants' conflicts of interest were material facts that would have assumed actual significance in the deliberations of a reasonable investor and investment advisor client.

39. Despite this failure to disclose material conflicts, from 2010 to March 2015, Defendants committed more than \$17 million of Interinvest client assets to investments in the Canadian Penny Stock Companies.

40. In February and March 2014, Interinvest's Chief Compliance Officer ("CCO") recommended that the defendants refrain from additional trading in the Canadian Penny Stock Companies. On February 28, 2014, the CCO informed Black that Interinvest "can not do any more Wi2Wi notes or other private placements for clients." On March 20, 2014, the CCO again warned Black that trading in the Canadian Penny Stocks may have resulted in a breach of fiduciary duty to Interinvest's clients and recommended that the defendants cease from trading in these stocks.

41. Despite these admonitions from Interinvest's CCO, Black continued to invest

Interinvest clients in the Canadian Penny Stock Companies through participations in offerings made by Tyhee in October 2014 and through other purchases in the open market for all four Canadian Penny Stock Companies throughout 2014 and into 2015.

42. In April 2014, following a March 2014 on-site examination by the Commission, Defendants created an amended form ADV that purported to explain that Black received a cash fee of \$12,000 from Tyhee Gold for his role as a director. The revised form further stated that Black received reimbursed director expenses from both Tyhee and Amorfix, and fees from Williams Creek, through Zurmont, to provide investment research services. This revised disclosure, however, was still materially misleading in that the \$12,000 of disclosed compensation continued to hide the material fact that Black and the companies he controlled had received well over a million dollars' worth of payments from the Canadian Penny Stock Companies.

43. Defendants acted with scienter in investing client money in the Canadian Penny Stock Companies without disclosing the material conflicts of interest to Interinvest Corporation's clients. Defendants knew of the payments Black and Zurmont received from the Canadian Penny Stock Companies. Defendants further knew that they had not disclosed these material conflicts to Interinvest Corporation's clients.

44. Defendants further acted with scienter in distributing Interinvest Corporation's false and misleading forms ADV to prospective and existing clients. Defendants knew of the payments Black and Zurmont received from the Canadian Penny Stock Companies. Defendants further knew that the forms ADV did not disclose the material conflicts to prospective or existing clients of Interinvest Corporation.

45. As time progressed, Defendants invested client funds in the Canadian Penny

Stock Companies that directly or indirectly funded the payment of Zurmont bills. Defendants also invested client funds in a manner that advantaged Black at Interinvest client's expense.

46. In the first full week of January 2014, Defendants invested over \$250,000 of Interinvest client money in an Amorfix private offering, purchasing 1 million shares and 1 million warrants. On January 14, 2014, Amorfix's CEO emailed a press release to its board that announced the closing of this private placement and stating that the announcement would be issued on the next business day. On the same date, Black replied with his approval of the press release, and then asked Amorfix's CEO to pay the company's open bills from Zurmont. In order to obtain the funds, Black struck a "deal" with the CEO, whereby Black promised to sell additional units in the offering, to enable the company to continue operations through the next month so that the CEO could receive another paycheck.

47. In January 2013, Black negotiated and promoted a reverse-merger of Wi2Wi which resulted in the dilution of his clients' investments. Just two days after Wi2Wi announced the completion of the transaction, Black, through Zurmont, received at least \$100,000 to cover previously billed expense reimbursements.

48. In March 2010, Black obtained control of Williams Creek with four other investors by acquiring 50 million shares at a purchase price of \$0.05 (CAD)/share. Defendants then invested Interinvest clients in the company shortly thereafter at a significant premium. In September 2010, for example, Defendants invested at least \$350,000 of Interinvest client funds into Williams Creek through a private offering at \$0.15 CAD/share. Williams Creek proceeded to use the capital invested in part by Interinvest investors to enable Black to gain influence over Tyhee. On November 1, 2010, with Black's and Interinvest's involvement, Williams Creek invested \$1 million (CAD) into Tyhee. In Tyhee's proxy circular following the investment,

Black was nominated by management as a candidate for the board of directors. Williams Creek made additional investments in Tyhee totaling more than \$1 million (CAD) from 2011 to 2014 while Black was on the board of both companies and while Interinvest continued to purchase and hold both companies' stock in client accounts. Because neither Tyhee nor Williams Creek generated cash from operations, payments from Tyhee and Williams Creek to Black, through Zurmont, were in part enabled by Interinvest client investments in both company's offerings. Zurmont has received more than \$1.5 million from both companies and each company presently acknowledges it lacks the cash to continue operations.

III. Improper Commitment of Client Funds to High-Risk Investments In The Unproven and Unprofitable Canadian Penny Stock Companies

49. Interinvest advertises a “conservative, risk averse investment approach” and an emphasis on “capital preservation.”

50. Consistent with this promoted strategy, certain Interinvest clients signed advisory agreements directing that their portfolio be managed in an highly conservative manner, requesting “utmost security, lowest possible risk, greatest safety[, u]ltra conservative” or “long term growth without excessive risk.”

51. In addition, Interinvest clients spoke directly with defendant Black, who was Interinvest's Chief Investment Officer, and told him that their risk tolerance was low, that they did not want to be invested in risky or growth stocks, or that they did not want to be invested in high risk investments, such as start-up or early stage companies.

52. Defendants' significant investment of client funds in the financially troubled Canadian Penny Stock Companies violated Interinvest's stated investment strategy and the direction of its clients. For the entire time period that Interinvest clients have been invested with these companies, from 2010 to 2014, Tyhee Gold and Williams Creek have been mining

exploration companies. During this period, these companies have operated at a loss, with no revenues, because they are purportedly still in search of profitable mining operations. Indeed, in each year from 2010 through 2014, the audited financial statements for these companies contain going concern disclosures based on the companies' current losses, accumulating deficits, and inability to finance day to day operations through operations.

53. Similarly, Amorfix' annual audited financial statements for the year ended March 31, 2011 describe it as a "development stage" medical treatment and diagnostic company. Although the company has generated small amounts of revenue each year from 2010 to 2014, these revenues have been dwarfed by expenses. Each year the company has reported over \$2 million (CAD) in net losses. Over the same period, the company's accumulated deficit has grown from \$23.8 million (CAD) to \$34 million (CAD). As with the mining exploration companies, in each year from 2010 through 2014, the audited financial statements for Amorfix contain going concern disclosures based on the companies' current losses, accumulating deficits, and inability to finance day to day operations through operations.

54. Wi2Wi, a company purportedly engaged in design, manufacture, and marketing of products used for wireless applications, has publicly issued two audited financial statements covering annual periods from 2011 to 2013. Defendant Black approved and signed these consolidated financial statements on behalf of the board. According these statements, Wi2Wi has generated consistent net losses of over \$2 million each year, and its accumulated deficit has climbed from \$18.6 million to \$30.1 million. And, just like Amorfix, each year, Wi2Wi's financial statements contained going concern disclosures based on the company's recurring losses, increasing deficits, and inability to generate a profit from operations.

55. From 2010 to March 2015, Defendants committed more than \$17 million of

Interinvest client assets to investments in these nonperforming, unprofitable, and highly uncertain Canadian Penny Stock Companies. By March 2015, Interinvest client portfolios held, in some cases, positions in the Canadian Penny Stock Companies that accounted for at least a quarter of their total assets under management. Interinvest client positions in Tyhee alone accounted for, in some cases, at least ten percent of their total assets under management.

56. Defendants acted with scienter in investing client money in the Canadian Penny Stock Companies while they knew of or recklessly disregarded their ongoing inability to operate as going concerns. As a member of each Canadian Penny Stock Company board, Black knew or recklessly disregarded Tyhee's and Williams Creek's inability to generate revenues and Wi2Wi's and Amorfix's inability to generate profits during the relevant time period.

57. Black also made misrepresentations about the Canadian Penny Stocks to an Interinvest client. In the Spring of 2013, Black falsely claimed that the gold-related stocks in the investor's accounts, which included Tyhee Gold and Williams Creek were presently producing a lot of gold and that the investor was buying these shares at one times its yearly earnings in the production of gold. In truth, Tyhee Gold's financial statements report that its gold projects had not reached the production stage. In March 2015, Black reiterated his false claims. Black told the investor that the gold-related companies in his accounts, which included Tyhee Gold and Williams Creek, all produced gold and that Tyhee Gold was selling at one times earnings, meaning that the investor could not lose on Tyhee Gold.

58. The Canadian Penny Stock Companies' financial troubles were material facts that would have assumed actual significance in the deliberations of a reasonable investor and investment advisor client.

IV. Interinvest's Lack of Exam and Investigation Cooperation

59. In March 2014, the Commission initiated a routine examination of Interinvest that involved a series of requests for information and an on-site review. In August 2014, in the midst of the examination, Interinvest's then-Chief Compliance Officer and President left Interinvest and Black assumed his duties.

60. In January 2015, at the conclusion of the Commission's examination, Black and Interinvest acknowledged that additional disclosures to clients were necessary to address certain deficiencies identified by the Commission. Black and Interinvest also acknowledged that the company had deficiencies in its compliance practices.

61. Despite Defendants' acknowledged compliance failures, Interinvest has not implemented any of the additional disclosures Defendants acknowledged were necessary in response to the Commission's deficiency letter.

62. In February 2015, the Commission sent Interinvest a subpoena requesting, among other things, documentation of the company's bank accounts, trading records, and compliance policies and procedures. Interinvest and Black have failed to comply with the subpoena, including Black's own proposed extended timeline for responding to the subpoena. In April 2015, Commission staff spoke to Interinvest's then-receptionist, who stated (1) she was the only employee working in the company's Boston office, (2) she was unaware of any compliance documentation, and (3) she had not been instructed to gather readily available documents responsive to the subpoena.

V. Client Losses, Growing Exposure, and Clients' Inability to Stop or Deter Defendants' Misconduct

63. Over the five year period from 2010 to February 2015, Defendants have increased Interinvest client exposure to the Canadian Penny Stock Companies significantly. In January

2010, client accounts custodied at State Street Bank had purchased securities of the Canadian Penny Stock Companies at a cost of \$1.2 million. By February 2015, client accounts at the same bank had purchased \$19 million in securities of the Canadian Penny Stock Companies.

64. Defendants continued to increase Interinvest client exposure even after Interinvest's former CCO recommended otherwise because of the potential breach of fiduciary duty arising from Black's conflict of interest. Defendants' purchases in client accounts from January to April 2015 alone amount to more than \$250,000.

65. In 2014, two Interinvest clients terminated their investment advisory relationship because Black and Interinvest invested them in the high-risk Canadian Penny Stock Companies, incurring exposure to huge investment losses, and further refused to follow client instructions to liquidate those holdings and follow their preference for low risk investments.

66. In addition, on at least one occasion, Defendants have failed to follow client instructions to liquidate Canadian Penny Stock Company holdings and Black has made misrepresentations about the character of the underlying investment to induce continued investment in the company.

67. Ultimately, Defendants improper commitment of client funds to the Canadian Penny Stock Companies is exposing Interinvest's clients to enormous losses. By March 2015, Interinvest clients had incurred unrealized losses of more than \$12 million on these investments.

FIRST CLAIM FOR RELIEF
(Violation of Section 206(1) and 206(2) of the Advisers Act)

68. The Commission repeats and incorporates by reference the allegations in paragraphs 1–34 of the Complaint as set forth fully herein.

69. At all relevant times, Defendants Interinvest and Black operated as investment advisers defined by Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11), and

served in that capacity with respect to their clients and investors.

70. As alleged herein, Defendants Interinvest and Black, while acting as investment advisers, directly or indirectly, by use of the mails or means and instrumentalities of interstate commerce, knowingly, willfully or recklessly: (a) employed and are employing devices, schemes, or artifices to defraud clients or prospective clients; and (b) engaged and are engaging in transactions, practices, and courses of businesses which operated and operate as a fraud or deceit upon clients or prospective clients

71. By reason of the foregoing, Defendants Interinvest and Black violated, and unless enjoined will continue to violate, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§80b-6(1)–(2)].

SECOND CLAIM FOR RELIEF
(Violation of Section 10(b) of the Exchange Act and Rule 10b-5)

72. The Commission repeats and incorporates by reference the allegations in paragraphs 1–38 of the Complaint as if set forth fully herein.

73. As alleged herein, Defendants Interinvest and Black directly or indirectly, singly or in concert, by the use of the means and instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities, intentionally, knowingly or recklessly: (a) employed and are employing devices, schemes or artifices to defraud; (b) made and are making untrue statements of material fact or omitted and are omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (c) engaged and are engaging in acts, practices or courses of business which operate as a fraud or deceit upon other persons.

74. By reason of the foregoing, Defendants Interinvest and Black have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)]

and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

THIRD CLAIM FOR RELIEF
(Violation of Section 17(a) of the Securities Act)

75. The Commission repeats and incorporates by reference the allegations in paragraphs 1–41 of the Complaint as if set forth fully herein.

76. As alleged herein, Defendants Interinvest and Black directly or indirectly, singly or in concert with others, in the offer and sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, intentionally, knowingly, recklessly, or negligently: (a) employed and are employing devices, schemes or artifices to defraud; (b) obtained and are obtaining money or property by means of untrue statements of material fact or omissions to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged and are engaging in transactions, practices or courses of business which operate as a fraud or deceit upon purchasers of the securities.

77. By reason of the foregoing, Defendants Interinvest and Black have violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

PRAYER FOR RELIEF

WHEREFORE, the Commission requests that this Court:

A. Enter a temporary restraining order and preliminary injunction, order freezing assets, and order for other equitable relief in the forms submitted with the Commission’s motions for such relief;

B. Enter a permanent injunction restraining the defendants, as well as their agents, servants, employees, attorneys, and other persons in active concert or participation with them,

from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:

1. Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§80b-6(1)–(2)];
2. Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5]; and
3. Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

C. Require the defendants and relief defendants to disgorge their ill-gotten gains, plus prejudgment interest, with said monies to be distributed in accordance with a plan of distribution to be ordered by the Court;

D. Order the defendants to pay an appropriate civil penalty pursuant to Section 209(e)(1) of the Advisers Act [15 U.S.C. § 80b-9(e)]; Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)]; and Section 20(d) of the Securities Act [15 U.S.C. §77t(d)];

E. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

F. Award such other and further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands a jury trial in this action of all issues so triable under the claims in this Complaint.

Respectfully submitted,

/s/R.M. Harper II

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Dated: June 16, 2015