

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

_____)	
SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No.
)	
MARK A. JONES,)	JURY TRIAL DEMANDED
)	
Defendant.)	
_____)	

COMPLAINT

Plaintiff Securities and Exchange Commission (“the Commission”) alleges the following against defendant Mark A. Jones and hereby demands a jury trial:

PRELIMINARY STATEMENT

1. This emergency enforcement action involves a fraudulent offering of securities and a Ponzi scheme perpetrated by Mark A. Jones, a former resident of Boston and current resident of Florida and Jamaica. Between approximately 2007 and 2015, Jones raised nearly \$10 million from approximately twenty-one investors for an enterprise he called “The Bridge Fund”. Jones told investors that their money would be invested in bridge loans to Jamaican companies that had been approved for commercial bank loans but were still waiting for the funding to come through. He told investors that he would pool their money to provide short-term bridge loans to those businesses. He told investors that the bridge loans would generate interest of approximately 15% to 20% annually. He provided investors with personal promissory notes and a personal guarantee.

2. The documents available to date indicate that there were no bridge loans. Jones deposited the investors’ money in his personal bank account. He used the money for personal

expenses and to make payments to other investors – the hallmark of a Ponzi scheme. Beginning in July 2015, an attorney representing Jones told some of the investors that Jones had lost all their money. Jones was arrested on March 13, 2016 and is now in federal custody.

3. Through the activities alleged in this Complaint, Jones engaged in: (a) fraudulent or deceptive conduct in connection with the purchase or sale of securities, in violation of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder; and (b) fraud in the offer or sale of securities, in violation of Section 17(a) of the Securities Act of 1933 (“Securities Act”).

4. To maintain the status quo and preserve any remaining assets for defrauded investors before entry of a final judgment, the Commission seeks emergency equitable relief to: (a) freeze Jones’s assets; (b) prohibit him from soliciting or depositing money from actual or prospective investors and from opening new accounts at any bank or other financial institution; (c) require him to submit an accounting of investor money and other assets in his possession; (d) require him to repatriate all money obtained from investors that is now located outside the United States; (e) prohibit him from altering or destroying relevant evidence; and (f) authorize the Commission to conduct expedited discovery.

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

JURISDICTION

6. The Commission seeks a permanent injunction and disgorgement pursuant to 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 a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)].

7. This Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act [15 U.S.C. §§77t(d), 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(d), 78u(e), 78aa]. Venue is proper in this District because Jones formerly lived in Massachusetts, at least three of the victims currently live in Massachusetts, and the parallel criminal proceeding against Jones is being handled by the United States Attorney's Office in Massachusetts.

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

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

DEFENDANT

10. **Mark A. Jones**, age 63, is a former resident of Boston, Massachusetts, and current resident of Miami, Florida. He has established a second home in Jamaica, where his wife works, and he travels there frequently. Jones appears to have become involved with the Jamaican business community in around 2007 and has appeared in various YouTube videos touting investment opportunities in Jamaica. Since then, he has lived with his family in Jamaica for periods of time. Jones is believed to be the 49% owner and former Chairman of Global Gateway Solutions, Inc. ("Global Gateway"), a Florida corporation with headquarters in

Pembroke Pines, Florida, and facilities in Jamaica. Global Gateway purports to be in the business of providing outsourced technology and call-center services. In August 2015, Jones ceased to be the Chairman and became a consultant of the company, a move that may have been an attempt to shield the company from his defrauded investors.

FACTUAL ALLEGATIONS COMMON TO ALL COUNTS

Jones's Solicitation of Investors

11. Jones began to solicit investors for an enterprise he called "The Bridge Fund" in or around 2007. (It appears that "The Bridge Fund" is a name that Jones used in his sales pitch to potential investors, not a legal entity.) Jones told investors that he had a contact at a Jamaican bank who provided him with information about companies that had been approved for commercial bank loans but were still waiting for the funding to come through. In an April 17, 2011 email, Jones told an investor that her funds would be "pooled with several other investors" (including himself) and "used to make short-term (3-12 month) bridge loans" in Jamaica. He told investors that the "loans are done with full legal documentation and collateralized – typically 2-3x the value of the loan" and that all potential loans "go through a credit committee" consistent of Jones, an attorney, and a bank credit officer. With this process, according to Jones, defaults on the bridge loans are "not unduly worrying." Furthermore, his personal guarantee meant that "what happens to the underlying loan(s) does not affect" investors. He told investors that the bridge loans would generate interest of approximately 15% and 20% annually.

12. In his communications with investors, Jones described various promising projects that their bridge loans had funded in Jamaica. In an email on December 6, 2009, Jones sent pictures of "an entry-level home project that [the investors] funded," stating that the project was "a run-away success." In an email he sent on February 9, 2010 to a different investor, he stated

that he “got a short term deal with a repeat borrower,” a property developer “who has built and pre-sold his development” but ran out of money. On August 20, 2010, Jones emailed another investor stating that he had decided to fund the development of “a 28 unit garden condo project in one of the most desirable locations in Montego Bay” that pays “2% a month for a six month loan.” On August 23, 2010, Jones emailed another investor stating that he was “finalising the quarry loan” he had described earlier, which would pay interest of “2.25% per month-payable monthly, for six month.” On April 14, 2011, Jones emailed an investor stating that he had successfully completed a loan on a quarry project, and that he was using funds from that investor and other investors for a “new loan” to a company that “produces plastic packaging.” In early 2015, Jones and his biggest investor signed a document entitled “Investment Agreement,” which stated that the two were investing in “a portfolio of bridge loans” in the amount of \$6.7 million, and that Jones would have a 37.62% interest and the investor would have a 62.38% interest. Along with this agreement, Jones provided a spreadsheet listing pertinent information on the loans, including the borrowers, the varying interest rates, the loan amount, length of the loans and the collaterals used to back the loans.

13. To increase the investors’ confidence in the legitimacy of his business, Jones met with at least two investors in Jamaica. During the trips, he pointed out various local projects that the investors’ money had purportedly funded. For instance, in or about 2010, one investor travelled to Jamaica with Jones’s sister. During the trip they visited Jones, who took them to see a real estate development that he described as a potential recipient of bridge loans provided, in part, by funds from that investor. In 2011, he showed one investor an apartment complex for moderate-income families and a quarry project for limestone. During the trips, Jones told the investors about his involvement with Global Gateway, but he assured them that their money had not been used to fund his purchase of an interest in Global Gateway or to fund its operations.

14. Jones instructed the investors to send their money directly to him, and he deposited the money in his personal bank account. Jones explained to investors that routing their funds through his account would reduce paper work and shield them from undue economic risks. In return, he provided investors with his promissory notes and personal guarantees. In verbal and email communications, Jones assured investors that each bridge loan was collateralized by assets. For instance, on November 4, 2009, Jones wrote to an investor stating that the bridge loans: (1) are “processed through a bank with full legal documentation and registration/stamping;” (2) are “collateralized with at least 2x the loan value and personal guarantees;” and (3) can be cancelled “by either side with 90 days written notice.” In the same email, Jones told the investor to “lend money directly to [Jones] at a fixed interest rate, for which [Jones] sign[s] a Promissory Note and a Personal Guaranty.” In doing so, Jones promised, he would be “on the hook for the funds” and not the investors, should something goes awry.

15. Jones provided investors with periodic account statements purporting to detail the principal and quarterly interest owed on each promissory note. While some of the investors received periodic interest payments, others rolled over the accrued interest in their accounts.

16. Jones obtained funds from at least twenty-one investors (including three of his own relatives). The investors sent him a total of approximately \$10 million. The investors reside in at least six states and Washington D.C. Jones had personal relationships with the initial investors, and they in turn recommended him and his purported bridge loan business to their acquaintances. Many of the investors are retirees who are not sophisticated investors and who are now in financial straits after investing their savings with Jones.

Jones's Use of New Investor Funds to Pay Other Investors

17. The documents available to date indicate that Jones did not use the investors' money to make bridge loans. Instead, he used a large portion of their money to make payments to other investors – the hallmark of a Ponzi scheme. For example, on November 17, 2014, Jones deposited \$300,000 that he had just received from an investor. At the time, he had less than \$3,700 in his bank account. Instead of funding bridge loans, Jones used the investor's money to pay three other investors. On November 28, 2014, he made a payment of \$130,000 to a second investor. The same day, he made a purported "interest" payment of \$15,390 to a third investor, stating in an email that he "just did your interest payment today [and] will make principal payment on Monday." On December 3, 2014, he followed that up with a \$130,000 payment to the third investor. Two days earlier, he paid \$21,000 to a fourth investor, stating in an email that the payment would bring the investor's "regular account up to date." Given that he previously had less than \$3,700 in his bank account, Jones would not have been able to make the payments to the other three investors if not for the \$300,000 he had received from the first investor.

18. On January 22, 2015, Jones received \$200,000 from an investor. At the time, he had less than \$9,000 in his bank account. On January 26, 2015, just four days after receiving the investor's money, Jones paid \$10,500 to a second investor, \$17,215 to a third investor, and \$147,394 to a fourth investor. Given that he previously had less than \$9,000 in his bank account, Jones would not have been able to make the payments to the other three investors if not for the \$200,000 he had received from the first investor.

Jones's Admission of Wrongdoing

19. Beginning in 2015, when he failed to make certain interest payments, investors began to press Jones for additional information and for the missing payments. At least one

investor demanded to withdraw all her money, a request that Jones failed to honor. In July 2015, an attorney representing Jones contacted many of the investors and informed them that Jones had lost all their money. The attorney stated that, instead of putting all the money towards bridge loans, as he claimed he was doing, Jones had instead used new investor funds to pay other investors. Furthermore, according to his attorney, Jones used some of the investors' money for his personal living expenses. Given the attorney's statements to investors, it is apparent that the periodic account statements that Jones provided to investors were worthless fabrications.

20. The attorney told some of the investors that Jones was remorseful and wished to settle the matter without involving the authorities. The attorney also indicated that Jones had invested some of the investors' money in Global Gateway. However, the bank records available to date indicate that Jones transferred only \$485,000 to Global Gateway, less than 5% of the total offering proceeds of approximately \$10 million.

21. Jones's attorney told some of the investors that Jones was trying to sell his 49% interest in Global Gateway so that he could repay the investors. Since the attorney began contacting investors, however, Jones has made no repayments to investors.

22. Jones has maintained financial accounts in Jamaica since at least 2008. The bank records available to date reflect a transfer of \$10,000 to an offshore financial institution called the Jamaican Money Market Brokers.

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

23. The Commission repeats and incorporates by reference the allegations in paragraphs 1-22 of the Complaint as if set forth fully herein.

24. The promissory notes that Jones provided to investors constitute a "security" for purposes of Section 3(a)(10) of the Exchange Act [15 U.S.C. §78c(a)(10)].

25. Jones, directly or indirectly, acting intentionally, knowingly or recklessly, by the use of means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material fact or omitted to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices or courses of business which operated as a fraud or deceit upon certain persons.

26. As a result, Jones 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].

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

27. The Commission repeats and incorporates by reference the allegations in paragraphs 1-26 of the Complaint as if set forth fully herein.

28. The promissory notes that Jones provided to investors constitute a “security” for purposes of Section 2(a)(1) of the Securities Act [15 U.S.C. §77b(a)(1)].

29. Jones, directly or indirectly, acting intentionally, knowingly or recklessly, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities: (a) employed devices, schemes or artifices to defraud; (b) obtained 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 in transactions, practices or courses of business which operated as a fraud or deceit upon purchasers of the securities.

30. As a result, Jones 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 an order freezing assets and granting other equitable relief in the form submitted with the Commission's emergency motion for such relief;
- B. Enter a permanent injunction restraining Jones, as well as his agents, servants, employees, attorneys, and other persons in active concert or participation with him, from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:
 - 1. 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
 - 2. Section 17(a) of the Securities Act [15 U.S.C. §77q(a)]; and
- C. Require Jones to disgorge his 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 Jones to pay an appropriate civil penalty pursuant to 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.

Respectfully submitted,



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