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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,

Plaintiff,

v.

DANIEL H. GLICK and  
FINANCIAL MANAGEMENT  
STRATEGIES INC.,

Defendants,

and

GLICK ACCOUNTING SERVICES INC.,  
EDWARD H. FORTE, and  
DAVID B. SLAGTER,

Relief Defendants.

17-cv-02251

Judge Virginia M. Kendall

Magistrate Judge Jeffrey T. Gilbert

Jury Trial Demanded

FILED

MAR 23 2017

THOMAS G. BRUTON  
CLERK, U.S. DISTRICT COURT

COMPLAINT

The United States Securities and Exchange Commission alleges as follows:

Nature of the Action

1. This case involves an investment adviser who took advantage of senior citizens who entrusted him with their retirement savings. He also exploited members of their family.

2. The investors entrusted defendant Daniel Glick, defendant Financial Management Strategies, and relief defendant Glick Accounting Services with millions of dollars of their hard-earned money. The investors gave Glick large sums to invest, placing their money in his hands.

Glick also obtained the power of attorney or otherwise had control over bank accounts with significant deposits.

3. Glick and his companies, in turn, were responsible for managing the investor funds for their benefit. They had the authority to invest funds, including investments in securities, and to pay expenses for the clients. Glick gained power and control over millions of dollars of investor funds with the understanding that he would invest their funds and, in some cases, pay their bills.

4. Glick and his companies had a relationship of trust and confidence with the investors, most of whom came from two distinct families. They agreed to use investor funds for the best interest of the investors. Glick and his companies had an obligation to use the investors' funds for the benefit of the investors, not for the benefit of themselves.

5. Glick and his companies abused their position of trust. Instead of spending investor funds exclusively for the benefit of the investors, Glick and his companies diverted investor funds for improper purposes. Glick and his companies misappropriated money from the investors.

6. Glick and his companies did not maintain investor funds in segregated accounts, meaning specific accounts dedicated to specific investors. Instead, the investor funds were pooled. Glick commingled investor funds with his personal funds, and with the funds of his businesses.

7. After commingling the funds, Glick and his companies used investor funds for improper purposes. Glick diverted large amounts of the investor funds to the relief defendants. He also spent investor funds on himself.

8. Glick sent significant sums of money to his friends and business associates, relief defendants Edward Forte and David Slagter. Collectively, Forte and Slagter received more than \$1.5 million from Glick. The money that Forte and Slagter received is substantially traceable to the funds that Glick received from investors. Glick repeatedly sent money to the relief defendants shortly after receiving money from the investors.

9. Glick used investor funds to repay other investors. Glick also used investor funds for his personal benefit. For example, he used investor funds to purchase a Mercedes Benz for his company.

10. The defendants deceived the investors about their investments, including the amount of remaining funds, the nature of their investments, and the security of their money. Glick prepared account statements for a number of the investors, often under the title "Investment Summary." The Investments Summaries, in turn, purported to summarize how Glick had invested their money.

11. Instead of telling the truth to the investors, Glick gave them false information about the use of their funds. The account statements overstated the amount of the investments, exaggerated the available cash, and inflated the interest. The account statements also misallocated the investments. The account statements assigned investments to some investors that were purchased with funds from other investors. The account statements also did not disclose the diversion of funds to the relief defendants, or the misappropriation of funds by Glick himself.

12. Glick raised money from investors based on the understanding that he would make investments on their behalf and, in some cases, pay their expenses. In reality, Glick spent only some of the money on investments and expenses. He misappropriated much of the rest.



### **Jurisdiction and Venue**

13. The Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act of 1933 [15 U.S.C. §§ 77t and 77v], Sections 21 and 27 of the Securities Exchange Act of 1934 [15 U.S.C. §§ 78u and 78aa], and Sections 209 and 214 of the Investment Advisers Act of 1940 [15 U.S.C. §§ 80b-9, 80b-14]. Defendants have, directly or indirectly, made use of the means and instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the acts, practices and courses of business alleged in this Complaint.

14. Venue is proper in this judicial district pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14], because many of the acts, transactions and courses of business constituting the violations alleged in this Complaint occurred within the jurisdiction of this district.

### **Defendants**

15. **Daniel H. Glick**, age 64, resides in Chicago, Illinois. Glick is the President and owner of Financial Management Strategies and Glick Accounting Services. He was the President of Glick & Associates until it dissolved in 2014. At all relevant times, Glick controlled the business and affairs of Financial Management Strategies, Glick Accounting Services, and Glick & Associates. Glick is an accountant and was a licensed CPA in Illinois from 1991 to 2014. He was a registered representative associated with various broker-dealers from 1991 through 2014.

16. **Financial Management Strategies Inc.** (“FMS”) is an Illinois corporation formed in June 2014 with its principal place of business in Orland Park, Illinois. FMS is an



unregistered investment adviser. FMS received investor funds and made securities investments on behalf of clients, including the investors described in this Complaint.

### **Relief Defendants**

17. **Glick Accounting Services Inc.** (“GAS”) is an Illinois corporation formed in June 2014 with its principal place of business in Orland Park, Illinois. GAS provided tax and accounting services to individual and corporate tax clients, and payroll management services to small businesses. At times throughout the fraudulent scheme, Glick transferred investor funds to GAS. GAS also made some of the payments to the relief defendants, and sent money for some of the investments in Israeli companies.

18. **Edward H. Forte**, age 61, resides in Chicago, Illinois. Forte is an acquaintance of Glick. Forte and his affiliates received over \$1 million from Glick and his entities (or from accounts that Glick controlled) from 2014 to 2016, purportedly as a series of undocumented loans. The funds that Forte received are substantially traceable to the funds that Glick received from investors.

19. **David B. Slagter**, age 61, resides in Palos Heights, Illinois. Slagter is a longstanding friend and business colleague of Glick. Slagter and his family received over \$850,000 from Glick and his entities (or accounts that Glick controlled) from at least 2011 to 2016. The vast majority of the funds was purportedly a series of undocumented loans. The funds that Slagter and his family received are substantially traceable to the funds that Glick received from investors.

### **Other Relevant Entities**

20. **Glick & Associates, Ltd.** (“G&A”) was an Illinois corporation formed in 1991 with its principal place of business in Orland Park, Illinois. G&A provided tax and accounting

services to individual and corporate clients, and payroll services to small businesses. G&A also acted as an unregistered investment adviser. G&A dissolved in 2014.

### **The Facts**

#### **Glick's Background**

21. Glick is a recidivist. Glick was previously sanctioned by the Financial Industry Regulatory Authority ("FINRA") and the Certified Financial Planner Board of Standards ("CFP Board").

22. In 2013, the CFP Board revoked Glick's right to use the CFP certification. The CFP Board determined that Glick was unwilling to cooperate in an investigation about his alleged theft of \$450,000 from his elderly family members in 2011.

23. Glick entered into a settlement agreement with the CFP Board in which he consented to the CFP Board's findings that he had forged the signatures of his clients – his own family members – on letters to a bank in order to gain access to, and misappropriate, their assets.

24. In 2014, FINRA permanently barred Glick from association with any FINRA member when he refused to provide testimonial or documentary evidence that FINRA had requested in connection with his alleged theft in 2011.

25. Glick had his Illinois Certified Public Accountant ("CPA") license revoked in 2014. He was barred from the securities industry in Indiana based on the sanctions from FINRA.

26. In 2014, Glick's employer disassociated itself with him because he had failed to disclose his order of revocation from the CFP Board.

#### **The Sources of Funds from Investors**

27. At the end of 2012, Glick & Associates faced significant financial challenges. Glick & Associates had overdrawn bank accounts and no significant assets, other than a

receivable of approximately \$113,401 from relief defendant Slagter. Glick & Associates had no significant assets despite reflecting on its balance sheet more than \$1 million in “Customer Deposit” liabilities owed to customers. The deficit was exacerbated, in part, by the use of more than \$200,000 from Glick & Associates to repay his family members for the alleged theft.

28. From 2011 to 2016, Glick and his companies raised over \$6 million from investors. Most of the money came from two families: the Bobin/Ivan/Hauser family, and the Warden family.

29. Glick first raised money from investors through Glick & Associates until it was dissolved in 2014. Glick later raised funds through Glick Accounting Services and Financial Management Strategies.

30. Glick convinced the investors to entrust him with their money based on the understanding that he would use their money for their benefit. Glick expected to be compensated for his services.

31. Glick and FMS obtained power and control over millions of dollars that the clients entrusted to them. The clients expected to receive profits based on the efforts of Glick and FMS in managing their money. Glick and FMS, in turn, were to receive compensation for their services. By taking control of the funds and providing advice about securities through discretionary investing, Glick and FMS acted as investment advisers to their clients.

32. In their internal books and records, Glick’s companies recorded amounts received from investors as “Notes Payable,” as if the investors were loaning money to the companies.

33. Glick was the sole owner of Glick & Associates, Glick Accounting Services, and FMS. He maintained full control over their accounts and operations, including investor funds,



and was solely responsible for managing client assets and making investments on their behalf. Glick & Associates, Glick Accounting Services, and FMS were Glick's alter egos.

34. Glick exploited his relationship of trust and confidence with the investors. He used his position to gain access to their funds, and then misappropriated their money.

**The Funds from the Bobin/Ivan/Hauser Family**

35. Glick has a longstanding relationship with members of the Bobin/Ivan/Hauser family. He provided financial advice over the years, and served as the accountant for a family business. Glick developed a relationship of trust and confidence with the family.

36. From 2011 to 2016, Glick and his companies received over \$2 million from members of the Bobin/Ivan/Hauser family. Glick was responsible for investing the funds, and paying certain expenses for the family members.

37. At least three members of the Bobin/Ivan/Hauser family entrusted funds to Glick: (1) H. Bobin; (2) A. Ivan; and (3) N. Hauser. "H. Bobin" and "A. Ivan" are sisters. They are senior citizens. "N. Hauser" is the adult daughter of A. Ivan, and the niece of H. Bobin.

38. Specifically, Glick's companies received over:

- (a) \$1.5 million from H. Bobin;
- (b) \$200,000 from A. Ivan; and
- (c) \$200,000 from N. and K. Hauser.

39. Glick had power and control over substantial funds belonging to the family. Glick had the authority to use the Bobin/Ivan/Hauser funds for only two purposes: (1) making investments for their benefit; and (2) paying expenses. Glick did not have the authority to use the Bobin/Ivan/Hauser funds for any other purpose, such as his own personal use. The Bobin/Ivan/Hauser family did not make any loans to Glick or his companies.

40. Glick knew and understood that he could not use the funds from the Bobin/Ivan/Hauser family for his personal benefit, or for any other purpose that was not in their best interest. Glick agreed to use the money from the Bobin/Ivan/Hauser family exclusively for their benefit.

41. In August, 2013, relief defendant Slagter helped create a trust for Bobin (the “Bobin Trust”). The family understood that Glick would deposit the funds from Bobin into a dedicated trust account for the Bobin Trust. In reality, no dedicated trust account for the Bobin Trust existed. Instead, the funds from Bobin were commingled with other funds in bank accounts for Glick & Associates and Glick Accounting Services.

42. From August 2013 to March 2014, H. Bobin sent over \$1.2 million to Glick & Associates to fund her trust. The funds included the proceeds from the sale of savings bonds and the surrender of two life insurance policies, as well as other assets such as annuities. She also sent \$197,000 to Glick Accounting Services in 2016. Glick was responsible for managing those funds on her behalf.

43. In 2013 or 2014, Glick had a conversation with N. Hauser (again, the niece of H. Bobin) about how Glick would manage the Bobin Trust assets. Glick told her that he would make conservative investments and would earn a higher return than H. Bobin had received in the past. Hauser understood that Glick had the discretion to invest the Bobin Trust assets, and that the investments could include securities (among other possible investments).

44. The Bobin Trust Agreement contemplated the potential purchase of securities. The Bobin Trust Agreement authorized purchases of “bonds, stocks, mortgage, notes or other property of any kind, real or personal, suitable for the investment of trust funds.”

45. Glick also told Hauser that he would use assets in the Bobin Trust to pay Bobin's living expenses.

46. In April 2014, relief defendant Slagter helped create a trust for A. Ivan (the "Ivan Trust"). The family understood that Glick would deposit the funds from Ivan into a dedicated trust account for the Ivan Trust. In reality, no dedicated trust account for the Ivan Trust existed. Instead, the funds from Ivan were commingled with other funds in a bank account for Glick & Associates.

47. In April 2014, Glick received approximately \$215,000 from an account for A. Ivan to fund her trust.

48. In April, 2014, Glick obtained written authority to act as Ivan's agent over financial affairs, including investing in securities. He also obtained delegated authority to manage the financial affairs of the Ivan Trust. The Ivan Trust Agreement, in turn, provided that trust assets could be used to buy "any and all shares of stock, bonds, or other securities in any business . . . whether private or public."

49. From 2012 to 2015, Glick and his companies received over \$200,000 from N. Hauser and K. Hauser. Glick received those funds to make investments or to pay certain expenses on their behalf.

50. Some of the funds contributed by N. Hauser and K. Hauser came from the liquidation of an IRA. In 2014 or 2015, N. Hauser asked Glick if there was a way to generate additional income with her money. Glick told her that he could invest the funds in her IRA and achieve a higher return. As Glick suggested, Hauser then liquidated at least \$100,000 from her IRA and provided the funds to Glick to invest.



51. Hauser understood that Glick would deposit her funds in a dedicated account for her. In reality, no dedicated account for Hauser existed. Instead, the funds were commingled with other funds at Glick & Associates and Glick Accounting Services.

#### **The Funds from the Warden Family**

52. Glick had a longstanding relationship with members of the Warden family. Glick performed tax returns for a charitable trust of certain members of the family, and assisted with the sale of real estate held in the trust. Glick developed a relationship of trust and confidence with members of the Warden family.

53. From 2014 to 2016, Glick and his companies received over \$4 million from members of the Warden family. Glick was responsible for investing the funds, and paying certain expenses for the family members, including taxes.

54. In 2015, Glick assumed the responsibility of paying bills for E. Warden, a senior citizen, after the passing of her husband. The expenses included rent, medical expenses, credit card bills, health insurance, utilities and taxes. Glick also was responsible for paying a monthly stipend and expenses for one of her adult children.

55. In June 2015, Glick opened a bank account at BMO Harris Bank in the name of the E. M. Warden Revocable Trust (the "Warden Trust"). Glick was granted a power of attorney over this bank account. Glick was responsible for managing the funds in the Warden Trust bank account.

56. Through the power of attorney, Glick had the power to control the use of the funds in the account. The account contained substantial funds. In July 2015, the Wardens sold a parcel of property, and several million dollars of the proceeds were deposited in the Warden Trust bank account.

57. Glick had the authority to use the assets of the Warden Trust for only two purposes: (1) to make investments on behalf of the family; and (2) to pay expenses for the family. Glick did not have the authority to use the Warden Trust assets for any other purpose. Specifically, Glick did not have the authority to use the Warden Trust assets for personal use. The Warden family did not make any loans to Glick or his companies.

58. Glick knew and understood that he could not use the funds from the Warden family for his personal benefit, or for any other purpose that was not in the best interest of the Wardens. Glick agreed to use the money from the Wardens exclusively for their benefit.

59. A member of the Warden family instructed Glick that he should not make risky investments for E. Warden, given her advanced age. Otherwise, Glick had the discretion to select investments for the Warden Trust.

60. The Warden family understood that the investments could include securities, among other possible investments. The Warden Trust Agreement authorized the use of trust assets to “invest in bonds, common or preferred stocks, notes, options, common trust funds, mutual funds, shares of any investment company or trust, or other securities,” among other possible investments.

61. In January, 2016, Glick closed the then-existing Warden Trust bank account, which at that time had a zero balance. He then opened a new bank account for the Warden Trust, and acted as the trustee.

62. In May, 2016, Glick was appointed as special trustee with respect to financial transactions of the Warden Trust.

63. In May, 2016, Glick purportedly obtained the signature of E. Warden – a senior citizen – on a Management Services Agreement between Warden and FMS. The Agreement

provided that FMS would receive \$700,000 for providing financial services to her. But by then, Glick had already misappropriated her funds. Glick used Warden funds for his personal benefit before May, 2016. The agreement was designed to excuse a portion of his misappropriation. In effect, Glick took the money first, and then purported to obtain the client's consent later.

64. In August, 2016, Glick recommended that a member of the Warden family transfer \$20,000 to him from the bank account of E. Warden. Glick said that he could invest their funds and achieve a better return than she was receiving at the time. As Glick recommended, the member of the Warden family transferred \$20,000 to FMS for investments. Later than month, the member of the Warden family transferred \$200,000 to FMS for investments.

#### **The Sale of Securities**

65. Several of the investors liquidated securities in order to provide funds to Glick. For example: (1) H. Bobin transferred more than \$1 million to Glick & Associates in 2013 and 2014 from funds she obtained, at least in part, through the sale of savings bonds and withdrawals from her variable life insurance and annuity policies; (2) E. Warden sent more than \$600,000 to her trust account in July, 2015 using funds she had withdrawn from her variable annuity policies; and (3) N. Hauser withdrew more than \$100,000 from her IRA and provided the funds to Glick in January and February 2015.

#### **The Funds from Other Investors**

66. Glick and his companies also received funds from other investors from time to time. Other investors provided at least \$325,000 (collectively) to Glick from at least 2013 - 2015.



67. In 2015, relief defendant Slagter told W. Wrona, one of the investors, that Glick could offer him an investment opportunity. Slagter told Wrona that Glick could invest his money in small companies, and earn higher returns than Wrona was experiencing at the time through his investments in stocks and bonds. In October 2015, Wrona provided \$50,000 to FMS so that Glick could invest his money for him. FMS later produced to the SEC an investment statement for Wrona that purported to reflect investments in Israeli companies totaling \$50,000.

68. Glick wrote "investment notes" to another investor, A. Kammer, to borrow \$200,000 in 2013 and 2014. The notes promised an annual return of the greater of 15% of the profits of Glick & Associates (and later, Glick Accounting Services), or 9% of the funds contributed by Kammer. Glick later provided two payments of \$18,000 (each) to Kammer.

#### **The Commingling of Funds**

69. Glick and his companies did not deposit investor funds into segregated accounts for individual investors. Instead, the funds from investors were pooled in bank accounts for Glick & Associates, Glick Accounting Services, or FMS. The funds from investors were commingled with Glick's personal funds, and with the funds of the Glick companies.

70. Glick and his companies made repeated, large transfers of funds between the accounts for FMS, Glick Accounting Services, Glick & Associates, and Glick personally, as well as the Warden Trust account. Funds from investors were often deposited in one account, and then transferred to other accounts.

71. Two elderly investors, H. Bobin and A. Ivan, sent over \$1.8 million to Glick or his companies in 2013 and 2014. Glick quickly drained the funds contributed by Bobin and Ivan, without making any investments on their behalf. According to the accounting records, by the end of 2014, the bank accounts for Glick Accounting Services were overdrawn.

72. Based in its accounting records, Glick Accounting Services held no assets for the Bobin Trust or the Ivan Trust by the end of 2014. At that time, the only significant asset of Glick Accounting Services was an account receivable from relief defendant Slagter. Glick continually made large payments to Slagter and his family in 2013 and 2014, and the account receivable from Slagter grew to nearly \$800,000 by the end of 2014.

73. The vast majority of the funds in the E. M. Warden Revocable Trust bank account were transferred to bank accounts for Glick Accounting Services or FMS. Between June, 2015 and January, 2016, most of the funds in the E. M. Warden Revocable Trust bank account – more than \$3.2 million – were transferred to bank accounts for Glick Accounting Services or FMS. By January 13, 2016, the bank account for the E. M. Warden Revocable Trust had a zero balance.

74. After transferring funds from the Warden Trust bank account to accounts for the Glick entities, Glick and his companies sent some money to Israel, and paid some expenses. But they also used a significant amount of the funds for improper purposes. Glick and his companies used Warden family funds for purposes that were not for the benefit of the Warden family.

#### **The Misappropriation of Investor Funds**

75. Glick and his companies misappropriated a significant portion of the funds from investors. Instead of using the funds exclusively for investments and family expenses, Glick and his companies sent a substantial portion of the funds to relief defendants Edward Forte and David Slagter. Glick also profited from his fraudulent scheme, using investor funds to pay personal expenses.

76. For example, there was a balance of less than \$2,000 in one of the bank accounts of FMS as of July 9, 2015. From July to December, 2015, the FMS bank account received over

\$2.8 million from the Warden Trust bank account. The vast majority of the funds deposited in the FMS bank account during that period came from the Warden Trust account. Glick and his company then used a significant portion of those funds for purposes unrelated to the Wardens.

77. From July to December, 2015, the FMS bank account made substantial payments using funds that were substantially traceable to the Warden Trust. The payments included:

- (a) At least \$500,000 to relief defendant Forte or to third parties for his benefit, directly or indirectly (*e.g.*, through Glick's personal account);
- (b) \$415,000 to Glick Accounting Services, which then used \$60,000 to repay a business loan, and sent more than \$100,000 to relief defendant Slagter;
- (c) \$100,000 to pay a debt to another investor;
- (d) \$18,000 to yet another investor (A. Kammer);
- (e) Over \$18,000 to the assisted living facility of a member of the Bobin/Ivan/Hauser family;
- (f) \$10,000 to a third party at the request of relief defendant Forte; and
- (g) \$37,000 for a Mercedes Benz in the name of FMS.

78. The funds contributed by a member of the Bobin/Ivan/Hauser family in April, 2014 is another example of the misappropriation of client funds. A member of that family sent over \$200,000 to the account for Glick & Associates in April, 2014. Within one week, Glick & Associates sent \$90,000 to relief defendant Slagter or members of his family. A substantial portion of those funds sent to Slagter are traceable to \$200,000 provided by that member of the Bobin/Ivan/Hauser family.

79. By the end of 2014, the accounting records of Glick Accounting Services and FMS did not reflect any investments for the Bobin/Ivan/Hauser family.



80. The funds contributed by the Warden family and the Bobin/Ivan/Hauser family in January to February, 2015 is another example of the misappropriation of client funds. Glick Accounting Services used funds contributed by those families to repay “C.P.,” another person who provided funds to Glick and his companies. Unbeknownst to the investors, they financed the repayment of a debt that Glick Accounting Services owed to C.P.

#### **The Payments to the Relief Defendants**

81. The relief defendants benefitted from the fraudulent scheme. From 2012 to 2016, Glick and his entities sent almost \$2 million to relief defendants Forte and Slagter, respectively, or to third parties for their benefit. Most of that money is substantially traceable to the funds that Glick’s companies had received from the Bobin/Ivan/Hauser family and the Warden family.

82. From 2014 to 2016, Forte received at least \$1 million from Glick and his entities (or accounts that Glick controlled), purportedly as undocumented “loans.” The payments included funds sent to Forte, his entities, and third parties for his benefit. For example, Forte received \$75,000 from the Warden Trust account in December, 2015. The funds that Forte received are substantially traceable to funds that Glick had received from investors.

83. From at least 2011 to 2016, Slagter received over \$850,000 from Glick and his entities (or accounts that Glick controlled), purportedly as undocumented “loans.” The payments included funds sent to Slagter and his family. The funds that Slagter received are substantially traceable to funds that Glick had received from investors.

84. Slagter currently has title to the Mercedes Benz that was originally purchased with assets that were substantially traceable to the investors.

### **The Investments in Israeli Companies**

85. In 2015 and 2016, Glick invested some of the investor funds in Israeli companies. Specifically, Glick sent approximately \$1.8 million to approximately a dozen Israeli companies. Glick also sent a smaller amount (less than \$100,000) in one domestic company.

86. Glick did not make the investments in the names of the investors. Instead, the investments were made in the name of FMS, or in the name of Glick personally. Glick then treated his investors as part of a pool, and allocated purported ownership interests across the investors.

### **The False Account Statements**

87. Glick prepared and provided account statements to the investors from time to time. Some of the statements were entitled "Investment Summary." The account statements purported to summarize the assets that Glick was managing for the investors.

88. Glick did not provide account statements to the investors on a regular basis (*e.g.*, quarterly). Instead, he provided account statements when the investors asked about the status of their investments. Glick used the account statements to deflect further inquiry by the investors.

89. Glick had an obligation to provide information to investors that was truthful and accurate. Instead, Glick misled the investors by providing false and misleading information about their holdings. The account statements also did not disclose the misappropriation of investor funds, or the transfer of almost \$2 million to relief defendants Forte and Slagter. In fact, the account statements did not disclose the transfer of funds to Forte and Slagter at all.

90. The account statements included inaccurate information. The account statements overstated the amount of the investments, exaggerated the interest, and inflated the available cash.

91. The account statements overstated the amount of the Israeli investments.

92. Several of the account statements purported to summarize investments in the Israeli companies. The account statements reported specific amounts of Israeli investments that were assigned to specific investors. For example, the account statement for one member of the Warden family dated October 31, 2016 reported that there were Israeli investments on his behalf totaling approximately \$671,000. Collectively, the account statements to the investors reflected investments in the Israeli companies totaling over \$2.4 million.

93. In reality, the actual investments in the Israeli companies totaled approximately \$1.8 million.

94. The account statements assigned Israeli investments to one investor even though the vast majority of the funds came from another investor.

95. The account statement for H. Bobin stated that the value of her Israeli investments was over \$1.3 million as of October, 2016.

96. In reality, only a small fraction of the Israeli investments (at most) were funded by H. Bobin. The vast majority of the funds used to invest in the Israeli companies came from the Warden family. By the time that Glick began investing in Israeli companies, most of the money contributed by Bobin was already gone.

97. The account statements overstated the amount of cash that was available to the investors.

98. A number of the account statements included entries for significant amounts of available cash. For example, the Investment Summary for one investor (R. Warden) reported that there was over \$254,000 in cash as of November 30, 2015. The Investment Summary for the same investor reported that there was over \$358,000 in cash as of October 31, 2016.



99. In reality, the bank accounts for the Glick companies did not possess that much cash. For example, as of October 31, 2016, the bank accounts for FMS and Glick Accounting Services had less than \$10,000, collectively.

100. The account statements included fictitious interest.

101. A number of the account statements reported monthly interest earned by the investors. Several of the account statements reflected that the accounts were receiving thousands of dollars of interest each month.

102. In reality, the accounts and the investments did not generate interest of that magnitude.

103. The account statements also included investments that do not appear to have taken place.

104. The account statement for R. Warden dated October 31, 2016 included purported investments in three companies (among others): Electrical Grid Monitoring, Tipago Ltd., and G-ILS Transportation Ltd. The account statements for three other investors (D.F., R.P., and W.W.) included purported investments in imVision Technologies (among others).

105. In reality, Glick does not appear to have made any such investments in those companies.

106. The account statements created the false impression that investor funds were placed in segregated accounts for individual investors. In reality, the investor funds were pooled together.

107. Glick used the false and misleading account statements to advance his fraudulent scheme. The account statements gave the investors a false sense of security about the amount, custody, and security of their investments. Glick used the account statements to cover up the

misappropriation of investor funds. He used the account statements to give investors the impression that their funds were safe and secure when, in reality, their funds were largely misappropriated.

### **The Depletion of Assets**

108. Glick and his companies largely depleted the investor funds.

109. Based on its accounting records, FMS had little or no assets as of December 31, 2016, other than approximately \$1.75 million invested in Israeli companies, and a receivable from relief defendant Forte for approximately \$1 million. Yet FMS recorded approximately \$4.4 million as outstanding liabilities to the investors (that is, contributions from the investors, minus investor disbursements and expenses paid).

110. Based on its accounting records, Glick Accounting Services had little or no assets as of December 31, 2016, other than a receivable from relief defendant Slagter for more than \$850,000.

### **The Fifth Amendment**

111. Defendant Glick refused to answer the SEC's questions during testimony. Instead, Glick asserted the right against self-incrimination under the Fifth Amendment.

### **Claims for Relief**

#### **Count I**

#### ***Violations of Section 10(b) of the Exchange Act And Rule 10b-5 Thereunder (Against All Defendants)***

112. The Commission realleges and incorporates by reference paragraphs 1 through 111 as if fully set forth herein.

113. Glick and Financial Management Strategies, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the

mails, directly or indirectly: (a) used or employed devices, schemes, or artifices to defraud; (b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud and deceit upon other persons, including current and prospective investors.

114. Glick and Financial Management Strategies acted with scienter by knowingly or recklessly engaging in the fraudulent conduct described above.

115. By engaging in the conduct described above, Glick and Financial Management Strategies violated 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.

## **Count II**

### ***Violations of Sections 17(a)(1), 17(a)(2) & 17(a)(3) of the Securities Act (Against All Defendants)***

116. The Commission realleges and incorporates by reference paragraphs 1 through 111 as if fully set forth herein.

117. By engaging in the conduct described above, Glick and Financial Management Strategies, in the offer or sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, (i) employed devices, schemes or artifices to defraud; (ii) obtained money or property by means of untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (iii) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities.



118. Glick and Financial Management Strategies made untrue statements and omissions of material fact, engaged in devices, schemes, and artifices to defraud, and transactions, acts, practices and courses of business that operated as a fraud or deceit.

119. Glick and Financial Management Strategies acted with scienter by knowingly or recklessly engaging in the fraudulent conduct described above.

120. By engaging in the conduct described above, Glick and Financial Management Strategies violated Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a).

### **Count III**

#### ***Violations of Sections 206(1) and 206(2) of the Advisers Act (Against All Defendants)***

121. The Commission realleges and incorporates by reference paragraphs 1 through 111 as if fully set forth herein.

122. At all relevant times, Glick and Financial Management Strategies were investment advisers within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)]. Glick and Financial Management Strategies were in the business of providing investment advice concerning securities for compensation.

123. Glick and Financial Management Strategies, while acting as investment advisers, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, knowingly, willfully or recklessly: (i) employed devices, schemes or artifices to defraud their clients or prospective clients; and (ii) engaged in transactions, practices and courses of business which have operated as a fraud or deceit upon their clients or prospective clients.

124. By engaging in the conduct described above, Glick and Financial Management Strategies violated Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

**Count IV**

***(Against All Relief Defendants)***

125. The Commission realleges and incorporates by reference paragraphs 1 through 111 as if fully set forth herein.

126. Relief defendants Glick Accounting Services, Edward Forte, and David Slagter, or accounts for their benefit, received funds that were improperly obtained from investors and commingled with other funds.

127. The relief defendants benefited from the fraud by obtaining funds belonging to investors.

128. The monies received by the relief defendants, as alleged above, constituted ill-gotten gains from the fraud of others.

129. The relief defendants have no legitimate claim to the ill-gotten gains they received as a result of the fraud of others or to any assets that were acquired with those ill-gotten funds.

**Prayer for Relief**

WHEREFORE, the Commission respectfully requests that the Court:

**I.**

Permanently enjoin defendant Glick and defendant Financial Management Strategies Inc. from violating 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], Section 17(a) of the Securities Act, [15 U.S.C. § 77q(a)], and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1), (2)];

**II.**

Order defendant Glick and defendant Financial Management Strategies Inc. to disgorge the ill-gotten gains that they received from the violations alleged herein, including prejudgment interest thereon;

**III.**

Order relief defendant Glick Accounting Services, relief defendant Edward H. Forte, and relief defendant David Slagter to disgorge the ill-gotten gains that they received from the violations alleged herein, including prejudgment interest thereon;

**IV.**

Order defendant Glick and defendant Financial Management Strategies Inc. to pay civil penalties pursuant to Section 21 of the Exchange Act [15 U.S.C. § 78u-1]; Section 20 of the Securities Act, [15 U.S.C. § 77t], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)];

**V.**

Retain jurisdiction over this action to enforce the terms of all orders and decrees that this Court may enter; and

**VI.**

Grant such other relief as the Court deems appropriate.

**Jury Demand**

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, the Commission hereby requests a trial by jury.



Dated: March 23, 2017

Respectfully submitted,

/s/ Steven C. Seeger

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