

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

v.

EMANUEL L. SARRIS, SR.,
SARRIS FINANCIAL GROUP, INC.,

Defendants.

CIVIL ACTION
FILE NO.

COMPLAINT

Plaintiff United States Securities and Exchange Commission (“Commission”) alleges as follows:

NATURE OF THE ACTION

1. Defendant Emanuel L. Sarris, Sr. (“Sarris”) and his firm, Defendant Sarris Financial Group, Inc. (“Sarris Financial”), facilitated a massive Ponzi scheme by defrauding investors while convincing them to invest in the scheme.

2. From 2001 through 2009, Defendants convinced over 70 individuals to invest over \$30 million in private funds that purportedly traded in foreign currencies, called the “Kenzie Funds.” The Kenzie Funds, however, actually were a massive Ponzi scheme that defrauded at least 400 investors out of more than \$105 million.

3. When convincing victims to invest in the fraudulent scheme, Defendants falsely represented their relationship with the Kenzie Funds. Defendants falsely claimed to provide independent and unbiased advice about the Kenzie Funds. In truth, unbeknownst to investors, Sarris was employed by one of the companies that managed the Kenzie Funds (collectively, the

“Kenzie Companies”) to solicit investment in the Kenzie Funds, and Sarris Financial received incentive fees for inducing investments in the Kenzie Funds. Defendants received at least \$1.8 million in undisclosed salary and incentive fees from one of the Kenzie Companies.

4. Second, Defendants falsely claimed to have seen the Kenzie Funds’ foreign currency trading and banking. In fact, Defendants never saw any of Kenzie’s trading or banking.

5. Third, Defendants made unverified claims about the Kenzie Funds’ safety, performance, and legitimacy. Defendants actually did little to investigate the Kenzie Funds and the Kenzie Companies, instead ignoring and concealing numerous red flags that raised significant questions about the entities.

6. Fourth, in classic Ponzi scheme fashion, Defendants twice proposed that the Kenzie Companies use existing or new investor money to pay redemptions to departing investors. Yet Defendants never disclosed these proposals to their clients.

7. Although the Commission stopped the Kenzie fraud through another lawsuit in June 2010, Sarris and Sarris Financial now seek to continue engaging in the investment advisory business – targeting the same type of clientele targeted as for the Kenzie Funds.

8. Defendants engaged in and, unless enjoined, will continue to engage in transactions, acts, practices and courses of business that violate Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77(e)(a), 77(e)(c), 77(q)(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

9. The Commission seeks an order of permanent injunction enjoining Defendants from future violations of these provisions of the federal securities laws; disgorgement, plus prejudgment interest, of all ill-gotten gains; civil penalties; and such other ancillary and equitable

relief as may be appropriate.

JURISDICTION AND VENUE

10. The Commission brings this action under Section 20(b) of the Securities Act [15 U.S.C. §77t(b)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)].

11. This Court has jurisdiction over this action under Section 22 of the Securities Act [15 U.S.C. § 77v], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and 28 U.S.C. § 1331.

12. Venue is proper in this Court under Section 27 of the Exchange Act [15 U.S.C. § 78aa].

13. Acts, practices and courses of business constituting violations alleged herein have occurred within the jurisdiction of the United States District Court for the Eastern District of Pennsylvania and elsewhere. Sarris, individually and through Sarris Financial, solicited investors in the Eastern District of Pennsylvania.

14. Defendants, directly and indirectly, made use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices, and courses of business alleged herein.

15. Defendants will, unless enjoined, continue to engage in the acts, practices and courses of business set forth in this complaint, and acts, practices and courses of business of similar purport and object.

FACTS

Defendants

16. **Emanuel L. Sarris, Sr.** is a 71 years old United States citizen who resides in New Hope, Pennsylvania. Through his firm that he owns and controls, Sarris Financial, Sarris

provides estate, insurance, and financial planning advice. Sarris refused to provide sworn testimony to the Commission staff during its investigation, instead asserting the protections of the Fifth Amendment of the U.S. Constitution. Sarris previously was a respondent in multiple state and self-regulatory organization actions alleging that he used misleading and deceptive sales practices when selling life insurance, among other things.

17. **Sarris Financial Group, Inc.** is a Pennsylvania corporation with offices in Doylestown, Pennsylvania. It provides financial planning services and acts as an insurance broker or agent. Sarris is the entity's President, sole owner, executive officer, and control person. Certain of Sarris Financial's letterhead described it as a "Registered Investment Adviser." Sarris Financial is registered as an investment adviser with New Jersey and Pennsylvania. Until 2004, Sarris Financial also was registered as an investment adviser with New York. In March 2012, Sarris Financial applied for registration as an investment adviser in Florida.

Related Individual and Entities

18. **Daniel Spitzer** is a 53 years old United States citizen who resides in Barrington, Illinois. Spitzer controlled the fraudulent scheme run through the Kenzie Companies and Kenzie Funds. In 2001, Spitzer was a respondent in settled cease-and-desist proceedings brought by the Commission for his role in selling shares in funds without registering with the Commission.

19. **The Kenzie Funds – Arrow Fund, LLC; Arrow Fund II, LLC; Nerium Currency Fund, LP; Conservium Fund, LLC; Senior Strength Q Fund, LLC; Three Oaks Senior Strength Fund, LLC; Three Oaks Fund, LP; Three Oaks Currency Fund, LP; Three Oaks Advanced Fund, LLC; Three Oaks Fund 25, LLC; USFirst Fund, LLC; and SSecurity Fund, LLC** – are organized under Nevada law. They are limited liability companies

and limited partnerships that purported to invest primarily in foreign currency trading.

20. **The Kenzie Companies – Draseena Funds Group, Corp. (“Draseena”); Kenzie Financial Management, Inc. (“Kenzie Financial”); Kenzie Services LLC; Aneesard Management Co. LLC; Nerium Management Co.; and DN Management Co. LLC** – are incorporated in Illinois; the U.S. Virgin Islands; Nevis, West Indies; Nevada; Illinois; and Nevada, respectively. The Kenzie Companies purported to manage the Kenzie Funds. Spitzer was the principal officer for each of the Kenzie Companies.

The Kenzie Funds Were a Massive Ponzi Scheme

21. From at least 2001 until 2010, Spitzer and the Kenzie Companies offered purported investments in foreign currency through the Kenzie Funds. Spitzer and the Kenzie Companies’ sales agents enticed investors by claiming that the Kenzie Funds earned steady, positive returns. They claimed to preserve capital, to invest conservatively, and that they had never lost money. The Kenzie Funds collected more than \$105 million from at least 400 investors.

22. Spitzer and the Kenzie entities actually operated a massive fraudulent Ponzi scheme. They invested less than one third of investors’ money. They used remaining funds to pay redemptions to other investors, and to pay purported management and incentive fees, sales agents’ incentive fees, and operating costs of entities involved in the scheme. Kenzie personnel inflated amounts of purported assets under management, overstated claimed investment returns, and collected fees based on the false numbers.

23. In June 2010, the Commission obtained an emergency *ex parte* temporary restraining order and asset freeze against Spitzer and the Kenzie Companies for their violations of multiple antifraud provisions of the federal securities laws in an action filed in the U.S.

District Court for the Northern District of Illinois (Case No. 10 C 3758).

24. In the same action, in December 2010, the Court issued final judgment by default against Spitzer that ordered him to pay \$44 million in disgorgement and prejudgment interest, as well as a \$150,000 civil penalty.

25. In 2011, Spitzer was indicted on multiple criminal fraud counts for his role in the Kenzie fraudulent scheme. *See U.S. v. Spitzer*, Case No. 10 CR 651 (N.D. Ill.).

Defendants Sold the Unregistered Kenzie Funds For Almost a Decade

26. From 2001 through 2009, Sarris and Sarris Financial convinced over 70 individuals to invest over \$30 million in the unregistered Kenzie Funds.

27. None of the Kenzie Funds has registered an offering of securities under the Securities Act or a class of securities under the Exchange Act, nor is there a valid exemption from registration for any of the Kenzie Funds.

28. Defendants located victims in multiple ways. They convinced some existing Sarris Financial estate planning and insurance clients to invest in the Kenzie Funds. Defendants also solicited investors under the guise of providing free estate planning advice in seminars and “free dinners.” After identifying potential targets at the events, individual follow-up meetings were held in Sarris Financial’s offices where Sarris pitched the Kenzie Funds.

29. Sarris also hosted private conferences or dinners at his house or elsewhere, in which Spitzer, or other Kenzie personnel, participated. Sarris held at least eight of these events: on May 20, 2004; November 18, 2004; March 15, 2005; May 4, 2005; October 28, 2007; December 14, 2007; November 13, 2008; and October 28, 2009. At the events, Sarris introduced and endorsed the Kenzie personnel, who then gave a presentation selling investments in the Kenzie Funds.

30. Many of Defendants' victims are retirees who invested much of their savings in the Kenzie Funds on Defendants' recommendations. Many victims made additional investments after their initial one, each time investing based on Defendants' reaffirmation of their enthusiastic support for the Kenzie Funds. At least some investors lost much of their retirement savings in Kenzie fraud. Defendants' ongoing deceit thus played an essential part in continuing and expanding the Kenzie fraud.

31. At least some of Defendants' clients were unsophisticated, and unaccredited, investors.

Defendants Falsely Represented Their Relationship With the Kenzie Entities

32. Defendants presented themselves as independent and unaffiliated when recommending a third-party investment – the Kenzie Funds.

33. In 2009, for example, Sarris told an investor that his relationships with the Kenzie Companies were “arms length transactions.” Sarris also told at least two other investors that he recommended the Kenzie Funds “as a favor” – he “gets nothing out of” it – or that he did so solely to generate life insurance business.

34. In fact, Kenzie Financial (one of the Kenzie Companies) employed and paid a salary to Sarris under an April 2003 agreement. *See* Exhibit A to this Complaint. Kenzie Financial committed to pay Sarris a salary of \$60,000 per year. From October 2003 to September 2009, Sarris received at least \$225,713 in salary. Sarris also received over \$50,000 more in benefits pursuant to Kenzie Financial's 401(k) plan for employees.

35. Also unbeknownst to investors, Defendants received sales incentive fees from Kenzie Financial under a July 2002 agreement with Sarris Financial (signed by Sarris). *See* Exhibit B to this Complaint. Kenzie Financial paid to Defendants half of the incentive fees that

Kenzie Financial collected based on the assets under management for investors that Sarris brought to the Kenzie Funds. Between January 2004 and May 2009, the Kenzie entities paid to Sarris at least \$1,560,818 in incentive fees.

36. Defendants further concealed from investors that between January 2004 and March 2009, and maybe at other times, Defendants channeled at least \$1,436,859 through Kenzie's accounts to Sarris's offshore bank accounts. Either Defendants or associates deposited checks in Kenzie's offshore accounts. Shortly afterward, the Kenzie Companies wrote a separate check to Sarris's offshore bank account. Several times, Defendants wrote letters to Kenzie personnel with instructions regarding the deposits and transfers. In some instances, the Kenzie Companies wrote multiple smaller checks that totaled – to the penny – the amount of the original check. Defendants instructed Kenzie personnel to ensure that Sarris's reported income from the Kenzie Companies did not reflect these pass-through payments.

37. Defendants never told prospective or actual investors in the Kenzie Funds about these arrangements with, and compensation from, the Kenzie Companies.

38. Defendants' deceit about their purported independence from the Kenzie Companies was material to individuals when they decided to invest in the Kenzie Funds. Investors mistakenly thought that Defendants were objective, independent, and looking out for the investors' best interests when recommending the Kenzie Funds. Knowing the truth about Defendants' relationships with the Kenzie Companies would have altered the mix of information considered by investors when deciding to invest in the Kenzie Funds.

39. Sarris knew that Defendants' purported independence from the Kenzie Companies also was important to Spitzer's and Kenzie's efforts to sell the Kenzie Funds. In a 2007 email to Sarris, for example, one of Spitzer's key associates with the Kenzie Companies

told Sarris that “[n]othing is more powerful than a third party sell.”

Defendants Falsely Represented Their Review of Kenzie’s Trading

40. In November 2008, Sarris (on behalf of Sarris Financial) told an investor that Sarris had visited Kenzie’s offices in the Virgin Islands, where he saw Kenzie’s foreign currency trading on the computer. Sarris also claimed to have seen trading by fifteen to twenty managers who were managing daily trading in Euro dollars. Shortly afterward, in December 2008, the individual invested \$100,000 in one of the Kenzie Funds.

41. Likewise, in 2009, Sarris told another investor that Sarris had spoken with Kenzie’s bankers. The individual invested \$80,000 in December 2009.

42. In truth, Sarris never saw any trading or banking in Kenzie’s offices. Kenzie personnel did not do direct currency trading. The small amounts of money that victims sent to the Kenzie Funds that were actually invested were invested in money market funds, not “Euro dollars” as Sarris represented to investors.

43. Sarris’s deceit about the Kenzie Funds’ trading and banking were material to investors. Knowing the truth about the Kenzie Funds’ trading and banking would have altered the mix of information considered by investors when deciding to invest in the Kenzie Funds.

Defendants Repeatedly Made Unverified Claims About the Kenzie Funds’ Safety, Performance, and Legitimacy

44. When selling the Kenzie Funds, Defendants claimed that the funds had earned steady, positive returns for decades. Defendants also assured investors that Sarris had performed due diligence on the Kenzie Funds and that the Kenzie Funds were legitimate.

45. In truth, Defendants recommended the Kenzie Funds without having any independent basis to support their claims about the Kenzie Funds’ safety, performance, and legitimacy. Defendants performed little, if any, due diligence on the Kenzie Funds.

46. Defendants' fraudulent assurances induced victims to invest in the Kenzie Funds. Defendants' false assurances also persuaded at least one investor to forego redeeming his Kenzie Fund investments around January 2009.

47. Defendants' unsupported recommendations of the Kenzie Funds are particularly acute because Defendants received, but ignored and concealed, numerous red flags that cast serious doubt on the Kenzie Funds' safety, performance, and legitimacy. For example:

- (a) In February 2005, Sarris wrote to Kenzie personnel that "Senior Strength Fund shows some clients receiving 4.28 and some showing 3.92. Why the difference? Senior Strength Fund Q shows 3 different returns – 9.20, 9.65 and 9.95. Why the difference? Same with US First Fund, it shows 2 different returns for the last quarter – 9.13 and 9.35. Why the difference?"
- (b) In December 2005, an attorney (who invested \$630,000 in June 2004) wrote to Kenzie personnel (copying Sarris) that "'we' have been attempting to...validate the existence of monies which the company claims to manage....Does money, presumably invested on behalf of the various [Kenzie] partnerships really exist? And, if so, in what amount and where (at least generally) is it located....'" The attorney did not get satisfactory answers or information, and thereafter liquidated his account.
- (c) In September 2006, Sarris met with the Kenzie Funds' outside attorneys and accountants in Chicago. At that meeting, among other things, Sarris learned that the funds' outside auditors accepted investor account information and the funds' bank statement information provided by Kenzie personnel at face value and without any independent verification. Sarris also later discovered that the auditors'

telephone number was disconnected.

- (d) By 2008, Defendants were aware of potential liquidity issues regarding the Kenzie Funds' ability to pay investor redemptions. In a May 29 email, Sarris complained to Kenzie personnel that his paycheck was two months in arrears and stated "it would be nice if we could get paid on a regular basis."
- (e) Shortly after the Madoff scheme achieved general notoriety in 2008, investors began raising a chorus of concerns about the Kenzie Funds' legitimacy. On December 31, Sarris emailed Spitzer, and other Kenzie personnel, that, "due to the Madoff matter," "the one question that continues to be asked by my clients is '**where is the money?**'" (emphasis original). Sarris continued: "where is the money? Who is holding it? In what accounts is it in? Is it in Bank accounts? Is it in Draseena checking accounts? Is there a custodian involved? If so, who might that be?"
- (f) On January 19, 2009 Sarris emailed Spitzer, and other Kenzie personnel, stating "it looks like we are getting hammered every which way from Sunday. Here is another Ponzi scheme just identified which, this time, is in the currency business. Every time we open up the newspapers, it makes our job that much more difficult." Sarris attached a clip about a CFTC action against a fraudulent foreign currency scheme.
- (g) On January 23, 2009 Sarris forwarded to a Kenzie individual comments from an investor's attorney. The attorney wrote that he found Kenzie's documents "deficient," and that he "found no evidence of" and "could not locate" the entities supposedly holding the Kenzie Funds' investments and a fund in which they invested.

48. Defendants did not receive sufficient response, if any, to these red flags. Nevertheless, sometimes within days of these red flags and without revealing the warnings, Defendants convinced victims to invest additional money in the Kenzie Funds. When selling the Kenzie Funds, Defendants concealed the red flags and falsely assured investors about the Kenzie Funds' safety, performance, and legitimacy.

49. Despite the numerous warnings and Defendants' deceit, in March 2009 Sarris sent his clients letters, on Sarris Financial letterhead, which concluded "I have one thing simply to say '**Thank God for the Draseena Funds Group.**' As always, in my opinion, I would highly recommend the increasing of your accounts for the obvious reasons." (emphasis in original).

50. In stark contrast to his recommendations that others invest, Sarris withdrew \$200,000 from his personal account with the Kenzie Funds in July 2009.

51. Defendants' deceit about the Kenzie Funds' safety, performance, and legitimacy, as well as the red flags, was material to investors. Knowing the truth about the Kenzie Funds' safety, performance, and legitimacy, as well as the red flags, would have altered the mix of information considered by investors when deciding to invest in the Kenzie Funds.

**Defendants Twice Proposed Specific Ways
to Use Investor Money to Pay Redemptions**

52. On at least two occasions, Sarris proposed secretly using one investor's funds to pay redemptions to another investor in Ponzi-like fashion.

53. First, in April 2009, an investor sought to redeem \$100,000 from his Kenzie account. In an April 23 email, Sarris proposed to Spitzer that Spitzer transfer \$100,000 from one of Sarris's accounts to the redeeming investor's account, so that the money could be sent to the redeeming investor.

54. Second, a different investor sought to redeem \$250,000 from his accounts in May

2009. According to a May 26 email from Sarris, the investor was “not convinced about where the money is actually invested.” Kenzie delayed for months. In October 2009, the investor threatened litigation against both Spitzer and Sarris. Thereafter, Sarris convinced a new family to invest \$500,000 in the same Kenzie fund as the redeeming investor. In a December 3 letter to Kenzie personnel, on Sarris Financial letterhead, Sarris wrote that it was “important” that Kenzie use the new family’s investment funds to pay the amount sought by the redeeming investor. Sarris spoke with Spitzer about the matter and confirmed their agreement to the plan in two emails.

55. Defendants never informed their clients about these proposals. Defendants’ deceit about their proposals to make Ponzi-like payments was material to investors. Knowing the truth about the proposals to make Ponzi-like payments would have altered the mix of information considered by investors when deciding to invest in the Kenzie Funds.

Defendants Continued Selling the Kenzie Funds in 2010

56. By January 2010, the Kenzie entities had stopped paying Defendants and investors, and indications suggested that Kenzie’s operations might soon cease.

57. Nevertheless, Defendants solicited at least one more potential investor in March 2010. Sarris repeated claims about the Kenzie Funds’ safety and steady returns earned from foreign currency trading, alleged above. Sarris did not tell the potential investor about any of the above-alleged red flags or about Defendants’ relationship with the Kenzie Companies. Fortunately, the individual ultimately chose not to invest in the Kenzie Funds.

58. In May 2010, Spitzer terminated Sarris’s sales agreement. In June 2010, the Commission obtained an emergency *ex parte* temporary restraining order and asset freeze against Spitzer and the Kenzie entities.

Defendants Continue to Operate as Investment Advisers

59. Sarris Financial remains registered as an investment adviser in New Jersey and Pennsylvania. In March 2012, Sarris Financial applied for registration as an investment adviser in Florida. Sarris continues to own and control Sarris Financial.

60. Defendants, therefore, continue to recommend, and refer clients to, third party investment advisers. Defendants receive referral fees from the recommended third-party advisers. Defendants continue to target high net worth individuals, like the victims of the Kenzie fraud.

COUNT I

Violations of Sections 5(a) and 5(c) of the Securities Act

61. Paragraphs 1 through 60 are realleged and incorporated by reference as though fully set forth herein.

62. From 2001 to 2009, Defendants, directly and indirectly, made use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell and offer to sell securities in the form of interests in the Kenzie Funds through the use and medium of offering materials and otherwise, securities to which no registration statement was in effect; and carried such securities and caused them to be carried through the mails and in interstate commerce by the means and instruments of transportation for the purpose of sale and delivery after sale.

63. No valid registration statement was filed or was in effect with the Commission, in connection with these offerings of interests in the Kenzie Funds.

64. No valid exemption from registration under the federal securities laws existed for these offerings of interests in the Kenzie Funds.

65. By reason of the foregoing, Defendants violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77(e)(a) and 77(e)(c)].

COUNT II

Violations of Section 17(a)(1) of the Securities Act

66. Paragraphs 1 through 60 are realleged and incorporated by reference as though fully set forth herein.

67. By engaging in the conduct described above, Defendants, in the offer and 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, have employed devices, schemes and artifices to defraud.

68. Defendants acted with scienter.

69. By reason of the foregoing, Defendants violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT III

Violations of Sections 17(a)(2) and (3) of the Securities Act

70. Paragraphs 1 through 60 are realleged and incorporated by reference as though fully set forth herein.

71. By engaging in the conduct described above, Defendants, in the offer and 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, have:

(a) obtained money or property by means of untrue statements of material fact or by omitting 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

(b) engaged in transactions, practices, or courses of business that operated or

would operate as a fraud or deceit upon the purchasers of such securities.

72. By reason of the foregoing, Defendants violated Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)(2)-(3)].

COUNT IV

Violations of Section 10(b) of the Exchange Act, and Rule 10b-5 Promulgated Thereunder

73. Paragraphs 1 through 60 are realleged and incorporated by reference.

74. By engaging in the conduct described above, Defendants, in connection with the purchase and sale of securities, by the use of the means and instrumentalities of interstate commerce and by the use of the mails, directly and indirectly: Used and employed devices, schemes and artifices to defraud; made untrue statements of material fact and 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 engaged in acts, practices and courses of business which operated or would have operated as a fraud and deceit upon purchasers and sellers and prospective purchasers and sellers of securities.

75. Defendants acted with scienter.

76. By reason of the foregoing, Defendants 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].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I.

Find Defendants liable for the violations charged herein.

II.

Issue a permanent injunction restraining and enjoining Defendants, their officers, agents,

servants, employees, attorneys and those persons in active concert or participation with either of them who receive actual notice of the order, by personal service or otherwise, and each of them from, directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77(e)(a), 77(e)(c), and 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j], and Rule 10b-5 [17 CFR § 240.10b-5] thereunder.

III.

Issue an order requiring Defendants to disgorge the ill-gotten gains that they received as a result of the violations alleged in this Complaint, including prejudgment interest.

IV.

Issue an order imposing upon Defendants appropriate civil penalties under 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)].

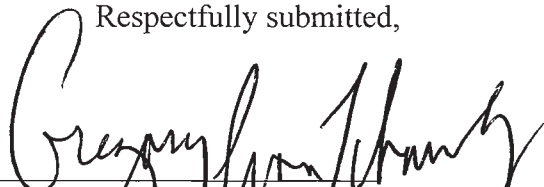
V.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VI.

Grant an order for any other relief this Court deems appropriate.

Respectfully submitted,



Dated: July 26, 2012

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