UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

MAX INFINITY MANAGEMENT LLC D/B/A MAX INFINITY FUND, MAX INFINITY VENTURE PARTNERS, INC., ELDER FUND MANAGEMENT LLC, JJRP UNITED CORP, GRAND LEVEL CONSULTING INC.,

Entity Defendants,

JOHN S. CANGIALOSI, JR., PETER N. GIRGIS, GENE “JERRY” SARABELLA, ENRICO A. “ED” CARINI, CANER “JOHN” OTAR, CHESTER E. “CHETT” SCOTLAND, and FRANZ H. LAMBERT II,

Individual Defendants,

JCANG1 CORP., GIRGIS CONSULTING, INC., OCTOBER UNITED MARKETING INC., UNDER PAR CONSULTING INC., PUT THEM ON THE BOOKS MARKETING INC., PERFECT PERFECTION, LTD., SCOTLAND OMEGA LTD, and FRANZ & ANTHONY HOLDINGS CORP.,

Relief Defendants.

No. 1:25-cv-549

COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission” or “SEC”), for its Complaint against Max Infinity Management LLC d/b/a Max Infinity Fund (“Max Infinity Management”), Max Infinity Venture Partners, Inc. (“Max Infinity Venture Partners”), Elder Fund Management LLC (“Elder Fund Management”), JJRP United Corp (“JJRP”), Grand Level

Consulting Inc. ("Grand Level"), John S. Cangialosi, Jr. ("Cangialosi"), Peter N. Girgis ("Girgis"), Gene "Jerry" Sarabella ("Sarabella"), Enrico A. "Ed" Carini ("Carini"), Caner "John" Otar ("Otar"), Chester E. "Chett" Scotland ("Scotland"), and Franz H. Lambert II ("Lambert") (collectively, "Defendants"), and Relief Defendants JCang1 Corp., Girgis Consulting, Inc., October United Marketing Inc., Under Par Consulting Inc., Put Them on the Books Marketing Inc., Perfect Perfection, Ltd., Scotland Omega Ltd., and Franz & Anthony Holdings Corp. (collectively, "Relief Defendants"), alleges as follows:

SUMMARY

1. From at least July 2021 to April 2023 (the "Relevant Period"), Defendants engaged in a scheme to defraud investors and prospective investors using boiler room-style high pressure sales tactics, false and misleading statements, and other means of trickery and deception to offer and sell investment fund interests purportedly representing shares of stock in private companies that had not yet held an initial public offering (referred to as "pre-IPO stock"). The investments were offered in the names of two related funds, Max Infinity Fund and Elder Fund (defined in paragraphs 33 and 34). Through the conduct of each Defendant, which violated the antifraud, securities registration, and broker-dealer registration provisions of the federal securities laws, the scheme raised over $70 million from more than 550 investors throughout the United States.

2. The scheme was orchestrated and controlled during the Relevant Period by Defendants Cangialosi, Girgis, and Sarabella (the "Max Principals"). Cangialosi and Girgis are veterans in the securities industry each with a history of disciplinary proceedings. Both were suspended by the Financial Industry Regulatory Authority ("FINRA") during a portion of the Relevant Period and now are permanently barred by FINRA. But their control of the investment

funds' operations was largely hidden from investors, while Sarabella, the third principal of the scheme, having virtually no experience in financial services, was held out publicly as the investment funds' owner, organizer, adviser, and, at times, manager.

3. The Max Principals operated the fraudulent scheme through a variety of entities, including Defendants Max Infinity Management, Max Infinity Venture Partners, and Elder Fund Management (collectively, the "Max and Elder Entities") and two entities that operated boiler rooms, Defendants JJRP and Grand Level. Defendant Lambert owned Grand Level but established it at the direction of, and controlled it jointly with, the Max Principals. Defendant Scotland, who had no experience in fund management, was held out publicly as the "manager" of most of the investment funds.

4. The Max Principals hired and trained a workforce of unregistered sales agents, including Defendants Carini and Otar, to cold call and pitch pre-IPO stock to thousands of prospective investors, many of them senior citizens, using canned scripts and rebuttals that were riddled with false and misleading statements and deceptive devices such as fake names, fabricated credentials and successes, and spoofed telephone numbers. Defendants Carini and Otar made false and misleading statements to investors and were each in charge of a team of other sales agents who pitched investors.

5. Over the phone, through email, and in the funds' offering documents, and while portraying themselves as private equity experts working for a Commission-registered fund, Defendants and the sales agents that they trained and managed routinely conveyed to prospective investors that the pre-IPO stock that was purportedly held in their funds would return quick profits of 200% or more, involved no upfront fees, entailed little to no risk, and would be shielded from market volatility. Defendants and their workforce of sales agents also represented

to investors that their funds had an impressive track record of success in previously recommending pre-IPO stock, that the pre-IPO stock was "in house" at the funds, and that investors' proceeds would be held in an escrow account until the pre-IPO company went public. None of this was true.

6. In reality, the funds, formed in July 2021, were not registered with the Commission, had no track record of success, and were organized, advised, and managed by individuals with no expertise in investment fund management. The funds did not hold investor proceeds in escrow, investments were not shielded from market volatility, and Defendants had no reasonable basis for representing to investors that they could expect substantial short-term profits with little or no risk. In many instances, Defendants sold investors shares of pre-IPO stock that were not "in house," but instead the Max Principals had acquired an interest in an unaffiliated fund purporting to have pre-IPO stock but which also was not registered with the Commission.

7. Despite telling investors that there were no upfront fees or commissions, Defendants sold interests in pre-IPO stock at a price secretly marked-up by 45% to over 100% above the price that the Max and Elder Entities paid to acquire the purported shares, securing immediate, substantial profits for themselves, while increasing the risk that investors would incur substantial losses. Defendants used these undisclosed charges to pay sizable and undisclosed commissions to their sales agents, as well as to fund bank accounts held in the name of the Relief Defendants, from which monies were then withdrawn for personal expenses, including (in the case of some Defendants) to buy cars and jewelry and take expensive vacations.

8. To date, only one pre-IPO company at issue has gone public, and this event resulted in substantial financial losses for fund investors. Neither Defendants, nor the offer and

sale of fund interests, were registered with the Commission or eligible for an exemption from registration during the Relevant Period.

9. By virtue of the conduct alleged herein, Defendants have violated, and/or aided and abetted violations of, Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78o(a)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(1), (2), and (4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8]. Also, each of the Max Principals is liable as a control person under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for violations by the Max and Elder Entities, JJRP, and Grand Level of Exchange Act Section 10(b), Rule 10b-5, and Section 15(a)(1); and Lambert is liable as a control person under Exchange Act Section 20(a) for violations by Grand Level of Exchange Act Section 10(b), Rule 10b-5, and Section 15(a)(1).

10. The Commission seeks a final judgment: (a) permanently enjoining Defendants from violating the federal securities laws and rules this Complaint alleges they violated; (b) ordering Defendants to disgorge the ill-gotten gains they received as a result of their violations and to pay prejudgment interest thereon; (c) ordering Defendants to pay civil money penalties for their violations; (d) entering appropriate conduct-based injunctions against Defendants Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert; (e) entering an order barring Defendants Cangialosi, Girgis, and Sarabella from serving as an officer or director of a public issuer; (f) ordering the Relief Defendants, each of which is owned or controlled by an individual defendant, to disgorge the ill-gotten gains they received as a result of Defendants' violations and

to pay prejudgment interest thereon; and (g) ordering any other and further relief the Court may deem just and proper.

JURISDICTION AND VENUE

11. The Commission brings this action, and the Court has subject matter jurisdiction over this action, under Securities Act Sections 20(a) and (d) and 22(a) [15 U.S.C. §§ 77t(a) and (d), and 77v(a)]; Exchange Act Sections 21(d) and 27(a) [15 U.S.C. §§ 78u(d) and 78aa(a)]; and Advisers Act Sections 209(d) and (e) and 214(a) [15 U.S.C. §§ 80b-9(d) and (e), and 80b-14(a)].

12. Venue is proper in this District under Securities Act Section 22(a) [15 U.S.C. § 77v(a)], Exchange Act Section 27(a) [15 U.S.C. § 78aa(a)], and Advisers Act Section 214(a) [15 U.S.C. § 80b-14(a)] because certain of the acts or transactions constituting violations of the federal securities laws, including offers and sales to certain investors, occurred in this District and because Defendants are found, inhabit, or transact business in this District. Among other things, several of the individual defendants reside in either Kings County, Richmond County, or Queens County, each within this District. Additionally, defendant Grand Level and many of the relief defendants have their primary corporate address in this District. During the Relevant Period, prospective investors residing here were solicited by one or more of the Defendants, and emails, mailings, and sales pitches were delivered to the investors in this District.

DEFENDANTS

13. **Max Infinity Management LLC d/b/a Max Infinity Fund ("Max Infinity Management")**, is a New York limited liability company formed on or about May 5, 2021. On January 20, 2022, Max Infinity Management filed a "Certificate of Assumed Name" to do business as "Max Infinity Fund." Fund investors were generally directed to deposit funds into accounts in the name of Max Infinity Management, and Max Infinity Management was one of

the two entities that acquired interests in pre-IPO stock or interests in funds that purported to hold interests in pre-IPO stock. Sarabella is the sole legal owner and managing member of Max Infinity Management and is the "authorized signer" on its bank accounts, but Max Infinity Management is beneficially owned and controlled jointly by the Max Principals. Max Infinity Management has never been registered with the Commission in any capacity.

14. **Max Infinity Venture Partners, Inc. ("Max Infinity Venture Partners")** is a New Jersey corporation formed on or about April 8, 2022. Sarabella is its sole legal owner, but Max Infinity Venture Partners is beneficially owned and controlled jointly by the Max Principals. Max Infinity Venture Partners was one of the two entities that acquired interests in pre-IPO stock or interests in funds that purported to hold interests in pre-IPO stock. Max Infinity Venture Partners has never been registered with the Commission in any capacity.

15. **Elder Fund Management LLC ("Elder Fund Management")** is a Delaware limited liability company formed on or about October 14, 2022, and organized by Sarabella, but jointly owned by Cangialosi (40%), Girgis (40%), and Sarabella (20%) and jointly controlled by them. Sarabella is the CEO and managing member of Elder Fund Management and the "authorized signer" on its bank accounts. Elder Fund Management was occasionally identified as the "manager" of one of the Elder Funds (Elder 1). Elder Fund Management also was identified as the administrative manager of certain of the Elder Funds. Elder Fund Management has never been registered with the Commission in any capacity.

16. **JJRP United Corp ("JJRP")** is a New York corporation formed on or about February 5, 2020. Its primary business address is in New York, New York, and Sarabella is its legal owner and President, but it is beneficially owned and controlled jointly by the Max Principals. From at least August 2021 to August 2022, JJRP was the entity through which the

Max Principals operated a boiler room to solicit investors for the Max Infinity Funds and paid unregistered sales agents transaction-based compensation. JJRP has never been registered with the Commission in any capacity.

17. **Grand Level Consulting Inc. ("Grand Level")** is a New York corporation formed on or about June 3, 2022. Its business address is in Freeport, New York. Grand Level is legally owned by Lambert as its sole shareholder but during the Relevant Period was functionally controlled in whole or in part by the Max Principals. From about August 2022 to about April 2023, Grand Level was the entity through which the Max Principals operated a boiler room out of New York, New York, to solicit investors for the Max Infinity and Elder Funds and paid unregistered sales agents transaction-based compensation. Grand Level has never been registered with the Commission in any capacity.

18. **John S. Cangialosi, Jr. ("Cangialosi")**, age 43, resides in Manalapan, New Jersey. Cangialosi is one of the Max Principals. He beneficially co-owns Max Infinity Management and Max Infinity Venture Partners, and is a legal owner of Elder Fund Management, with Girgis and Sarabella. He also owns Relief Defendant JCang1 Corp. Cangialosi held licenses in the securities industry for over 23 years. His FINRA Central Registration Depository ("CRD") number is 3273830. From 2001 to 2022, Cangialosi was a registered representative associated with eight registered broker-dealers, four of which have been expelled by FINRA. Cangialosi's regulatory record includes multiple disclosed customer disputes, two suspensions by FINRA, and agreements with two state regulators that prevent him from future registration in those states. One of Cangialosi's FINRA suspensions extended from September 7, 2021 to June 6, 2022, during the Relevant Period. On March 6, 2024, Cangialosi consented to an indefinite FINRA bar in all capacities for refusing to appear for on-the-record

testimony requested by FINRA in connection with its examination of Cangialosi's outside business activities. Cangialosi has been indicted in this District on conduct substantially overlapping the conduct alleged by this Complaint. *See US v. Cangialosi*, *et al.*, Case No. 24-CR-363 (E.D.N.Y. Sept. 10, 2024) (indicting Cangialosi, Girgis, Sarabella, Carini, and Otar on conspiracy to commit securities fraud, conspiracy to commit wire fraud, securities fraud, investment adviser fraud, and money laundering conspiracy) (the "Criminal Action").

19. **Peter N. Girgis ("Girgis")**, age 43, resides in Staten Island, New York. Girgis is one of the Max Principals. He beneficially co-owns Max Infinity Management and Max Infinity Venture Partners, and is a legal owner of Elder Fund Management, with Cangialosi and Sarabella. He also owns Relief Defendant Girgis Consulting. Girgis, CRD Number 4520444, held licenses in the securities industry for approximately 20 years. From 2002 until 2022, Girgis was associated with eight different registered broker-dealers, four of which have been expelled by FINRA. Girgis is permanently barred from registering in any capacity in the securities industry in the state of Illinois. Girgis's record includes multiple disclosed customer complaints and FINRA suspensions on three separate occasions, including from January 3, 2022 to October 2, 2022, during the Relevant Period. On October 7, 2024, Girgis was barred indefinitely and in all capacities by FINRA for failing to respond to its requests for information. Girgis has been indicted in the Criminal Action in this District.

20. **Gene "Jerry" Sarabella ("Sarabella")**, age 37, resides in Monroe, New Jersey. Sarabella is one of the Max Principals. He is the sole legal owner of Max Infinity Management, Max Infinity Venture Partners, and JJRP, but he shares beneficial co-ownership of those entities with Cangialosi and Girgis. Sarabella is a co-owner of Elder Fund Management with Cangialosi and Girgis. Sarabella has never been licensed in any capacity in the securities industry. With

respect to Max Infinity Fund, which was organized while two of the Max Principals were suspended by FINRA, Sarabella was held out as the "owner" of the fund, as well as its sole member, CEO, President. In the Max Infinity and Elder Fund securities offering documents, Sarabella is identified as the organizer and advisor of the funds and on some occasions as the funds' manager. Sarabella owns Relief Defendants October United Marketing and Under Par Consulting. Sarabella has been indicted in the Criminal Action in this District.

21. **Enrico A. "Ed" Carini ("Carini")**, age 39, resides in Staten Island, New York. Carini has never held any licenses in the securities industry. During the Relevant Period, Carini was a sales agent for Max Infinity Fund and Elder Fund and also was in charge of a team of other sales agents. He is the sole owner of Relief Defendant Put Them on the Books Marketing through which he received transaction-based compensation in the form of commissions from JJRP and Grand Level. Carini has been indicted in the Criminal Action in this District.

22. **Caner "John" Otar ("Otar")**, age 38, resides in Brooklyn, New York. From 2011 to 2018, Otar, CRD Number 5628513, was a registered representative associated with six broker-dealers registered with the Commission, three of which have been expelled by FINRA. In 2015, the Florida Office of Financial Regulation denied Otar's registration on the grounds of a materially false statement on his application. From about August 2021 to about November 2022, Otar was a Max Infinity Fund sales agent and also was in charge of a team of other sales agents. Otar owns and/or controls Relief Defendant Perfect Perfection through which he received transaction-based compensation in the form of commissions from JJRP and Grand Level. Otar has been indicted in the Criminal Action in this District.

23. **Chester E. "Chett" Scotland ("Scotland")**, age 55, resides in Bronx, New York. Scotland, CRD Number 2858846, has been licensed in the securities industry since 2000. From

2000 to 2002, and again from 2019 to 2020, Scotland was associated with registered broker-dealers. The two registered broker-dealers with which Scotland was associated in 2019 and 2020 have been expelled by FINRA. During the Relevant Period, Scotland was a sales agent for Max Infinity Fund, and he also is identified as the purported "manager" of most of the Max Infinity and Elder Funds. Since May of 2024, Scotland has been associated with a registered broker-dealer. Scotland owns and/or controls Relief Defendant Scotland Omega through which Scotland received transaction-based compensation in the form of commissions from JJRP and Grand Level.

24. **Franz H. Lambert II ("Lambert")**, age 48, resides in Queens, New York. He is the legal owner of Grand Level. Lambert, CRD Number 4463792, held securities licenses for over 20 years. From 2002 until 2021, Lambert was associated with sixteen registered broker-dealers, six of which have been expelled by FINRA. Lambert was suspended by FINRA from July 18 to December 17, 2022, during the Relevant Period, and while operating Grand Level. During the Relevant Period, he was a sales agent who sold interests in the Max Infinity and Elder Funds. He owns or controls Relief Defendant Franz & Anthony, through which he received transaction-based compensation in the form of commissions from JJRP and Grand Level.

RELIEF DEFENDANTS

25. **JCang1 Corp. ("JCang1")** is a New Jersey corporation formed on or about May 5, 2021. Cangialosi is its owner and President. During the Relevant Period, JCang1 received funds that were sourced from principal invested by Max Infinity and Elder Fund investors, but it does not have a legitimate claim to those funds. JCang1 does not appear to have operations and, therefore, appears to be a shell company that, during the Relevant Period, functioned primarily to receive ill-gotten gains.

26. **Girgis Consulting, Inc. ("Girgis Consulting")** is a New York corporation formed on or about August 30, 2019. Girgis Consulting's primary address is in Staten Island, New York. Girgis Consulting is owned and controlled by Girgis, who is its President. During the Relevant Period, Girgis Consulting received funds that were sourced from principal invested by Max Infinity and Elder Fund investors, but it does not have a legitimate claim to those funds. Girgis Consulting does not appear to have operations and, therefore, appears to be a shell company that, during the Relevant Period, functioned primarily to receive ill-gotten gains.

27. **October United Marketing Inc. ("October United")** is a New York corporation formed on or about October 20, 2021. October United's primary address is in New York, New York. October United is owned and controlled by Sarabella, who is its President. During the Relevant Period, October United received funds that were sourced from principal invested by Max Infinity and Elder Fund investors, but it does not have a legitimate claim to those funds. October United does not appear to have operations and, therefore, appears to be a shell company that, during the Relevant Period, functioned primarily to receive ill-gotten gains.

28. **Under Par Consulting Inc. ("Under Par")** is a New York corporation formed on or about April 8, 2022. Under Par is owned and controlled by Sarabella. During the Relevant Period, Under Par received funds that were sourced from principal invested by Max Infinity and Elder Fund investors, but it does not have a legitimate claim to those funds. Under Par does not appear to have operations and, therefore, appears to be a shell company that, during the Relevant Period, functioned primarily to receive ill-gotten gains.

29. **Put Them on the Books Marketing Inc. ("PTOTB")** is a New York corporation formed on or about March 31, 2021. PTOTB's primary address is in Staten Island, New York. PTOTB is owned and controlled by Carini, who is its President and sole shareholder. During the

Relevant Period, PTOTB received funds that were sourced from principal invested by Max Infinity and Elder Fund investors, but it does not have a legitimate claim to those funds. PTOTB does not appear to have operations and, therefore, appears to be a shell company that, during the Relevant Period, functioned primarily to receive ill-gotten gains.

30. **Perfect Perfection, Ltd. ("Perfect Perfection")** is a New York corporation formed on or about January 25, 2018. Perfect Perfection's primary address is in Brooklyn, New York. Perfect Perfection is owned and controlled, in whole or in part, by Otar. During the Relevant Period, Perfect Perfection received funds that were sourced from principal invested by Max Infinity and Elder Fund investors, but it does not have a legitimate claim to those funds. Perfect Perfection does not appear to have operations and, therefore, appears to be a shell company that, during the Relevant Period, functioned primarily to receive ill-gotten gains.

31. **Scotland Omega Ltd. ("Scotland Omega")** is a New York corporation formed on or about October 20, 2021. Scotland Omega's primary address is in Bronx, New York. Scotland Omega is owned and controlled, in whole or in part, by Scotland. During the Relevant Period, Scotland Omega received funds that were sourced from principal invested by Max Infinity and Elder Fund investors, but it does not have a legitimate claim to those funds. Scotland Omega does not appear to have operations and, therefore, appears to be a shell company that, during the Relevant Period, functioned primarily to receive ill-gotten gains.

32. **Franz & Anthony Holdings Corp. ("Franz & Anthony")** is a New York corporation formed on or about October 3, 2018. Its primary address is in Forest Hills, New York. Franz & Anthony is owned and controlled, in whole or in part, by Lambert. During the Relevant Period, Franz & Anthony received funds that were sourced from principal invested by Max Infinity and Elder Fund investors, but it does not have a legitimate claim to those funds.

Franz & Anthony does not appear to have operations and, therefore, appears to be a shell company that, during the Relevant Period, functioned primarily to receive ill-gotten gains.

OTHER RELEVANT ENTITIES

33. **Max Infinity Fund, LLC ("Max Infinity Fund")** is a Delaware limited liability company, and during the Relevant Period, operated out of office space in New York, New York. Max Infinity Fund was formed on or about July 27, 2021, at or near the time that Cangialosi and Girgis each consented to suspensions by FINRA. Sarabella is and was held out as the President and purported "owner" of Max Infinity Fund, but at least during the Relevant Period, it was jointly controlled and beneficially owned by the Max Principals, each sharing in the proceeds from fund investors. Max Infinity Fund is a master limited liability company that has ten "series" (Max 1, Max 1A, Max 1B, Max 2, 3, 4, 5, 6, 7, and 8). Max Infinity Fund issued securities in the form of limited liability company membership interests, but neither the fund, nor any of its securities offerings, has been registered with the Commission in any capacity. Max Infinity Fund offering documents claim its membership interests are exempt from registration under Section 4(a)(2) of the Securities Act and Regulation D and Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 (the "Investment Company Act"). But Max Infinity Fund has not filed a Form D or any other forms or registration documents with the Commission, although it filed for access to the Commission's electronic data gathering, analysis, and retrieval ("EDGAR") system and received central index key ("CIK") numbers for all of its series, except Max 8. CIK is a unique number the Commission assigns to entities with access to EDGAR.

34. **Elder Fund, LLC ("Elder Fund")** is a Delaware limited liability company, and during the Relevant Period, operated out of office space in New York, New York. It was formed on or about October 11, 2022, nine days following the conclusion of Girgis's FINRA suspension.

Sarabella is Elder Fund's CEO, managing member and "authorized signer" on its bank accounts, but at least during the Relevant Period, Elder Fund was jointly controlled and beneficially owned by the Max Principals, each sharing in the proceeds from fund investors. Elder Fund is a master limited liability company that has three "series" (Elder 1, 2, and 3). Elder Fund issued securities in the form of limited liability company membership interests, but it is not registered with the Commission in any capacity. Elder Fund offering documents claim its membership interests are exempt from registration under Section 4(a)(2) of the Securities Act and Regulation D and Section 3(c)(1) of the Investment Company Act. But Elder Fund has not filed a Form D or any other forms or registration documents with the Commission, although it filed for EDGAR access and received a CIK number for Elder 1.

FACTS

I. THE SECURITIES OFFERINGS

35. During the Relevant Period, each Defendant directly and/or indirectly offered and sold securities in the form of membership interests in ten Max Infinity Funds and three Elder Funds, each styled as a "series" of a master fund organized as a limited liability company, raising approximately $70 million from over 550 investors throughout the United States. In so doing, each Defendant used means of interstate communication or commerce, including emails, telephone calls, and mailings.

36. Elder Fund, which was formed in the fall of 2022 shortly after the conclusion of Girgis's FINRA suspension, was an extension of Max Infinity Fund, but under a new name.

37. Each fund purported to hold a beneficial interest -- through an "affiliate" of the company -- in pre-IPO stock of a single private company.

38. The ten Max Infinity Fund series are: MAX 1, a Series of Max Infinity Fund, LLC; MAX 1A, a Series of Max Infinity Fund, LLC; MAX1B, a Series of Max Infinity Fund, LLC; MAX 2, a Series of Max Infinity Fund, LLC; MAX 3, a Series of Max Infinity Fund, LLC; MAX 4, a Series of Max Infinity Fund, LLC; MAX 5, a Series of Max Infinity Fund, LLC; MAX 6, a Series of Max Infinity Fund, LLC; MAX 7, a Series of Max Infinity Fund, LLC; and MAX 8, a Series of Max Infinity Fund, LLC.

39. The three Elder Fund series are: ELDER 1, a Series of ELDER FUND, LLC; ELDER 2, a Series of ELDER FUND, LLC; and ELDER 3, a Series of ELDER FUND, LLC.

40. Max Infinity Fund investors were directed to deposit funds into separate bank accounts designated for each fund, but with checks written out to or wires directed to Max Infinity Management. Investors in Elder Fund were directed to deposit funds into separate bank accounts designated for each fund, but with all checks written out to or wires directed to accounts in the name of the Elder Fund, not the individual fund series.

41. Once an investor deposited principal to invest in a Max Infinity or Elder Fund, the investor's principal was transferred routinely to, and comingled in, one or more bank accounts owned by the Max and Elder Entities and controlled by the Max Principals.

42. The Max Principals used some of the investors' principal to purchase purported interests in pre-IPO shares or interests in other funds that purport to hold interests in pre-IPO shares. The Max Principals also transferred a portion of investor principal from the Max and Elder Entities' bank accounts to JJRP and Grand Level to pay substantial commissions to unregistered sales agents. The remainder was largely misappropriated by the Max Principals, funneled through one or more of the Relief Defendants affiliated with each of the Max Principals, and spent on cars, jewelry, and luxury vacations, among other expenditures.

A. The Offering Documents

43. In connection with an investment, Max Infinity and Elder Fund investors typically received five offering documents: (1) a Private Placement Memorandum ("PPM"); (2) a Limited Liability Company Agreement/Operating Agreement ("LLOA") (including an investment advisory agreement); (3) a Subscription Agreement; (4) a Supplement (a single page that purports to supplement/amend/supersede the PPM, LLOA and Subscription Agreement with, among other things, defined terms); and (5) a Welcome Letter (a single page that, among other things, states that the fund holds shares indirectly through an affiliate, discusses fees, and states that none have been deducted) (collectively, the "Offering Documents").

44. The Offering Documents totaled more than one hundred pages and were largely boilerplate in their substance. These documents state that there are no "management fees" but that the fund is entitled to "carried interest" in the amount of 20% (or less, as negotiated by certain investors) of the investors' profits after an IPO.

45. The Offering Documents identify Sarabella as the fund's organizer, advisor, and, at times, manager, but Sarabella had no experience in any of those roles.

46. Although most of the Offering Documents identify Scotland as the fund's manager, Scotland also had no experience as a fund manager and frequently acted at the direction of the Max Principals. Scotland was paid a recurring payment in exchange for his services as fund manager.

47. Upon occasion, certain Elder Fund Offering Documents identify Elder Fund Management, which was jointly owned by the Max Principals and formed following the end of Girgis's FINRA suspension, as the fund manager.

48. Sarabella's purported role as the fund organizer, advisor, and, at times, manager, and Scotland's purported role as the fund manager, concealed from investors the management and control of the funds by Cangialosi and Girgis, who had prior FINRA and state suspensions in the securities industry.

B. Purported Share Acquisition

49. The Max Infinity and Elder Funds did not directly purchase pre-IPO stock or interests in pre-IPO stock. Rather, the Max Principals, acting through the Max and Elder Entities, acquired interests in pre-IPO stock or purported interests in pre-IPO stock in the name of Max Infinity Management and Max Infinity Venture Partners. The Max Principals advised the Max Infinity and Elder Funds on which pre-IPO shares to purchase, where to purchase the pre-IPO shares, and at what price.

50. For the first five series of the Max Infinity Funds, interests in the funds often were sold before any purported interest in pre-IPO stock was acquired, despite the Defendants' and their sales agents' repeated representations to investors that the stock was held "in house."

51. Many of the pre-IPO shares for the first five series of the Max Infinity Funds were acquired by Max Infinity Management purchasing fund interests issued by other unregistered funds.[1]

52. At times, Max Infinity Management and Max Infinity Venture Partners acquired contractual rights to pre-IPO stock from current or former employees of the pre-IPO companies, although those arrangements were often subject to contractual transfer restrictions that could prevent the immediate delivery of shares to the funds or investors.

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[1]Some of these unregistered funds are currently subject to a federal court action by the Commission. *See SEC v. The Pre-IPO Marketplace Inc.*, *et al.*, 1:24-cv-6886 (E.D.N.Y. Sept. 30, 2024).

C. Hidden Fees Charged to Investors

53. As scripted by the Defendants, sales agents told investors that the Max Infinity and Elder Funds made money only after the investor made money and that the fund made money in the form of "carried interest," usually equal to 20% (or less as negotiated by some investors) of the investor's profits alone (not the principal invested).

54. This was false. The primary means by which the Max Infinity and Elder Funds made money was through substantial, undisclosed markups on the acquisition price of the purported interest in pre-IPO stock. Max Infinity Management and Max Infinity Venture Partners marked up the price it paid (or would pay) to purchase the stock (or interest in funds that purported to hold stock) in amounts that generally ranged from 45% to over 100%.

55. Within the approximately $70 million raised from investors, investors were secretly charged approximately $30.9 million in markups:

Pre-IPO Stock	Price Paid by Max Infinity Management or Max Infinity Venture Partners (Including Fees)	Price Paid by Investors to Acquire Fund Interests	Markup Range	Average Markup
Company A	$2.29	$4.00	75%	75%
Company B	$30.90-$46.80	$77	65-149%	107%
Company C	$11.81-$15.34	$25-30	63-147%	93%
Company D	$43.26-$52.53	$90	71-108%	87%
Company E	$58	$85	47%	47%
Company F	$3.64	$6.50	79%	79%
Company G	$63-$95	$130-$140	45%-122%	73%
Company H	$28	$47.50	70%	70%

56. Over $11 million of these charges was misappropriated by the Max Principals for their personal use; approximately $6.8 million of these charges was used to pay substantial

commissions to the sales agents; and approximately $2.9 million of these charges was used to buy luxury goods such as jewelry and watches.

II. THE FRAUDULENT SCHEME

A. Boiler Room Training and High Pressure Sales Tactics

57. From office space in New York, New York, the Max Principals (acting through JJRP and Grand Level) operated their boiler room-style sales floor in which sales agents cold called prospective (often elderly) investors from lists that the Max Principals purchased from third parties.

58. The Max Principals ran morning meeting training sessions on high pressure sales tactics, which included talking points, role play, and rebuttals if investors resisted sales pitches.

59. Cangialosi and Girgis taught the sales agents that they are "actors," and schooled the agents on how to create urgency, mislead investors about risk, and fabricate expected profits. Sarabella and Lambert attended these training sessions and affirmed and reinforced the lessons.

60. The Max Principals also provided sales agents with written sales pitches, scripts, and rebuttals to aid their deception. The written pitch for one pre-IPO company, for example, introduced investors to the "most anticipated IPO of 2021" for which Max Infinity Fund had a "very limited allocation of the stock at a 1.5 billion dollar valuation which translates to $4 per share," and misleadingly asserted that "GoldmanSacks [sic] is set to bring them public in the fourth quarter of 2021 at a 6-10 billion valuation putting the stock on opening tick anywhere between $16-$20 per share." The pitch continued that, "[b]ased on Goldmansacks [sic] IPO valuation, your $100,000 investment would be worth $350,000 on the opening tick." The Max Principals drafted and disseminated similar scripts for the other pre-IPO stocks that the Defendants purported to sell.

61. Cangialosi drafted a written set of rebuttals for the sales agents to use when a prospective investor expressed doubts or concerns about an investment. These rebuttals included talking points with false statements related to prior successes, including making 300% for other investors, and offered false promises of risk mitigation. In addition, the rebuttals encouraged investors with real estate to borrow against the property to invest in pre-IPO stock, which the rebuttals misleadingly characterize as offered at a "deep discount to the IPO price." Lambert circulated and distributed these rebuttals to the unregistered sales agents at Grand Level.

62. Using the training provided by the Max Principals and Lambert, sales agents relentlessly pursued investors. Sales agents used phone number "spoofing" to hide their identities and trick investors attempting to screen their calls. Sales agents also used aliases to hide their identities. For example, Carini often used a fictious name, such as "Richard Oliveri," or the name of other sales agents, and Cangialosi and Girgis had a practice of using Sarabella's name when speaking to investors.

63. Sales agents, as trained, also often created false urgency by telling investors that time was running out to buy into the firm's supposed limited supply of pre-IPO shares. Through these and similar tactics, sales agents pushed and pressured investors, often aggressively, to invest.

B. Fraudulent Misrepresentations and Omissions

64. During calls with investors and prospective investors, the Max Principals and the sales agents, including Carini, Otar and Scotland, and sales agents acting under the direction of Lambert, made false and misleading statements about quick and large profits, little or no risk, SEC registration and oversight, no upfront commissions or fees, "in house" shares, the fund's track record of success, and/or low volatility.

65. The Max Principals and the sales agents, including Carini, Otar, Scotland, and Lambert, knew or were reckless in not knowing, that these statements were false or misleading.

1. False Statements Regarding Commissions and Hidden Fees

66. Sales agents acting under the control and direction of the Max Principals repeatedly misrepresented to investors how they were paid and the fees associated with the investment. In particular, sales agents denied receiving any upfront commissions, and instead falsely represented to investors that they were only paid after the investor made a profit.

67. Sales agents and the Max Principals knew, or were reckless in not knowing, that these statements were false or misleading because the sales agents received, and the Max Principals received and also paid the sales agents, transaction-based commission payments, often ranging from 8% to over 20%, calculated on the principal invested.

68. The purported compensation structure, where sales agents supposedly received no upfront commissions and only got paid when the investors made profits, was emphasized to investors as important because it aligned the investor's interest with the interests of the fund and its sales agents. For example, on or about November 16, 2022, Carini, masquerading under a fictious name, told an investor:

> I didn't get here because of my looks. I got here because I make my clients money. You got to understand there is no underlying motive there. If you are not profitable, I don't make a commission. That tells you two things. Number one, I better be confident in the company I'm bringing you, and number two, both our interests are aligned. And that's the most important way to enter an investment.

69. This and similar statements made by the sales agents throughout the Relevant Period were false. Carini, like all of the sales agents, was paid a commission for closing the investment regardless of how the investment performed. In addition, investors paid hidden fees in the form of substantial markups that ranged from 45% to over 100%. As the result of the

markups paid by investors, the value of the shares would need to substantially increase for investors just to break even.

70. As another example, on or about December 12, 2022, an individual who identified himself as Scotland told an investor:

> We get paid once, once, once the company makes money, once the company goes public and they are profitable, that's how we make our money. Because when the company goes public and they are profitable and you make money in the stock, we get 20% of your profits. . . We get 20% of the profits only that's it. . . . We make no money upfront. Right so that's why we pick very specific companies that we feel are the best largest privately owned companies that are going to be going public sooner rather than later because if they don't go public and you don't make money, neither do we.
> . . .
> If you don't make money, we can't make money. . . . So it would serve no purpose just to grab any company out there . . .

71. In addition, in or around September 2021, Scotland falsely represented to an investor that Max Infinity Fund did not charge fees until after the IPO, at which time the fund would receive 20 percent of the investor's profits.

72. The Offering Documents also repeatedly stated that there were no fees. For example, the PPMs and LLOAs for all the funds stated that the manager "will not receive a management fee." The PPM also stated that the manager will not receive commissions or fees for selling fund interests. Furthermore, the investment advisory agreement attached to the LLOA stated that the Advisor "will not collect a management fee," but that the "Fund shall pay the Advisor carried interest pursuant to Section 7.1 of the Operating Agreement."

73. While the Offering Documents stated that certain fund fees and expenses "may" be retained from their investment "as needed," when the investor received the Welcome Letter and Supplement specific to their investment, they were told in the Welcome Letter that nothing

had been deducted from their contribution: "[n]o fees have been deducted" and "[t]he following fees have been deducted from your capital contribution: 0 Management Fees."

74. There is no disclosure of a potential markup in the Offering Documents for Max 1, 1A, 1B, 2, 3, 4 or 5. After those seven series of the Max Infinity Fund, the Offering Documents were revised to include boilerplate markup language for Max 6-8 and the Elder Funds. The boilerplate language, however, falsely states that "[t]he funds represented by the markup will be used to provide compensation to the individuals who oversee the management of the Fund," when the markup was instead often used to pay sales agent commissions and distributed to undisclosed fund control persons, such as Cangialosi and Girgis.

75. Throughout the Relevant Period, Scotland routinely sent the misleading Offering Documents and Welcome Letters to investors. Scotland knew, or was reckless in not knowing, that the representations that "[n]o fees have been deducted" and "[t]he following fees have been deducted from your capital contribution: 0 Management Fees" were false because Scotland knew that he and others had received a percentage of the principal invested as a commission for the sale of the fund interests.

2. Exaggerated Returns and Short Term Profits

76. The Max Principals and the sales agents, including Carini, Otar, and Scotland, and sales agents acting at the direction of Lambert, falsely promised investors exaggerated returns, often exceeding 200% or 300%, without a reasonable basis for believing that these returns were achievable. For example, on or about November 16, 2022, Carini, using an alias, stated to an investor: "I am telling you, you are going to make 180 to 300 percent on the first [tick];" and on or about November 30, 2022, Carini told this investor, "I'm going to make you two to three times your money on day one. I'm confident in this."

77. Sales agents also told investors that such extraordinary profits would be achieved in the short term. For example, on or about September 8, 2022, an investor asked Carini, who was pitching a pre-IPO investment, if the IPO will be soon. Carini responded, "Do I think it's gonna be soon? I mean they just, they just hired Goldman Sachs to file their S1. I don't think, I know it's gonna be soon."

78. These and similar false statements were promoted by the Max Principals in the scripts and rebuttals provided to the sales agents and in the boiler room training. For example, in rebuttals drafted by Cangialosi and distributed by Lambert on or about June 10, 2022, July 8, 2022, and October 31, 2022, sales agents were trained to tell investors, "I'm getting you involved at a deep discount to it's [sic] IPO price and by the time it goes live, you'll be up over 300% . . ." And the written scripts provided by the Max Principals to the sales agents communicated a short timeframe for the investment to return these profits.

79. Such deceit, involving exaggerated and short-term returns, was particularly egregious given the substantial markups that investors were secretly charged.

3. False Promises of No Risk or Volatility

80. Consistent with their training, sales agents routinely misrepresented the risk of investing in pre-IPO stock. The Max Principals trained the sales agents that it was critical to convince investors that pre-IPO investments mitigate risk and are shielded from market volatility.

81. For example, in rebuttals drafted by Cangialosi and distributed by Lambert, sales agents were trained to tell investors: "Sell some underperforming stocks, mitigate your risk and put that behind [pre-IPO stock] which I'm getting you involved at a big discount to it [sic] IPO price," and even advised investors, "pull some money out of your equity line of credit."

82. Based on their training, sales agents misled investors into believing that the investment pitched to them had little or no risk. For example, on or about July 15, 2022, Carini told one investor, "the risk of you losing money is literally like jumping out of a basement window with an umbrella and a parachute on, there is no way that you can get hurt and lose money." On or about November 16, 2022, Carini, using an alias, told another investor:

> The other thing that we do give you is peace of mind because, like I said, you are not subjected to the market volatility. It doesn't matter what the market conditions are. When you know you invest here with us the 3,000 shares, it's still worth 231,000 when you log into your account. You are still going to have 231,000 in the account.

83. In some instances, sales agents, including Carini, falsely told investors that their principal would be held in escrow. In addition, the websites for the Max Infinity Fund (maxinfinityfund.com) and Elder Fund (theelderfund.com), which the Max Principals controlled, Sarabella helped to design, and to which Scotland frequently directed prospective investors, falsely stated, "[y]our investment funds will be held with our custodial bank, Valley National Bank. . . [w]here you will monitor your account 24/7."

4. False Portrayal of Expertise and Track Record of Success

84. In soliciting investors by telephone and in email communications, sales agents, including Carini, Otar, and Scotland, consistent with the boiler room training run by the Max Principals and the rebuttals distributed by Lambert, falsely portrayed themselves and those associated with the Max Infinity and Elder Funds as private equity experts with a track record of success that helped thousands of clients profit handsomely from investing in pre-IPO companies.

85. Max Infinity's website, "maxinfinityfund.com," which Sarabella set up, the Max Principals controlled, and Scotland routinely disseminated to investors by email, represented its track record by stating that its clients could buy pre-IPO shares of such companies as Palantir,

Airbnb, and Facebook, and that it helped thousands of clients "achieve the lifestyle of their dreams" through pre-IPO investments. Similar representations appeared on the Elder Fund website, which touted "100+ years of expert market experience," and under "Our Track Record" lists, among other companies, SoFi and Airbnb.

86. But these and similar representations, appearing on the websites and in statements made by the sales agents to prospective investors, were false. Max Infinity Fund was established in the summer of 2021 and Elder Fund was established in the fall of 2022, which post-date the IPOs that the funds touted on their websites as their track record. The Max Principals, through the Max and Elder Entities, JJRP, and Grand Level, hired largely inexperienced sales agents. And since the funds' inception, only one pre-IPO company that the Defendants purported to sell has held an IPO, which resulted in significant losses to Max Infinity and Elder Fund investors.

87. Scotland directed prospective investors to the misleading Max Infinity and Elder Fund websites by email on numerous occasions, including, but not limited to, on or about February 9, 2022, April 1, 2022, December 1, 2022, and March 15, 2023.

88. These and similar false statements regarding the funds' track record of success were promoted by the Max Principals in the scripts and rebuttals provided to the sales agents and in the boiler room training. For example, in rebuttals drafted by Cangialosi and distributed by Lambert, sales agents were trained to tell investors, "you'd be doing much better . . . had you taken my advice and bought the Airbnb and made over 300% on your money" and "give me a shot and let me show you at 300% just like I did for my other clients who did the Airbnb with me."

89. The Max Principals, Carini, Otar, Scotland, and Lambert knew or were reckless in not knowing that these representations were false and misleading because each was employed by

Max Infinity Fund from its inception and knew that none of the pre-IPO companies that the fund purported to sell had gone public and none of Max Infinity Fund's investors had made a profit.

5. False Representation of SEC Registration

90. The Max Principals, and the sales agents, including Carini, Otar, and Scotland, repeatedly, and falsely, represented to investors that the Max Infinity and Elder Funds are registered with the SEC. Some investors were even told that, as the result of registration, the Commission conducted regular oversight and examination of the company's books and records.

91. For example, on or about November 14, 2022, Carini, using an alias, told an investor:

> The fund itself, the LLC fund, everything is filed with the SEC. So in order to file, they -- they go through all the books, the accounting, the bank statements, everything you could think of --. . . before they even allow a fund to be operational. . . . And like I said, they come in every quarter and make sure that everything is up to date.

92. In addition, Scotland and the sales agents, including Otar and Carini, directed investors to a privately-run website, "sec.report," purporting it to be an authentic SEC webpage which falsely presented the Max Infinity Funds as registered with the SEC. Girgis and Sarabella supplied the phony website link to sales agents, including Carini and Otar, for purposes of sending it to prospective investors.

93. In or around September 2021, Scotland falsely represented to an investor that Max Infinity Fund was registered with the SEC. In addition, on multiple occasions, including but not limited to, on or about January 6, 2022, February 22, 2022, and May 3, 2022, Scotland emailed a misleading link to the "sec.report" website to prospective investors, referring to it as an "SEC registration link" and "SEC Verification Link."

94. Similarly, on or about August 11, 2021, Otar sent an "sec.report" link by email to a prospective investor referring to it as the "SEC FILING."

95. The Max Principals, Carini, Otar, and Scotland knew or were reckless in not knowing that Max Infinity Fund was not registered with the SEC and the link provided was misleading because it was not a government website. These facts were pointed out by some prospective investors. For example, on or about April 8, 2022, an investor stated in an email to Scotland, "You realize this is not the official site of the SEC plus it shows your fund has not filled [sic] any documents with the SEC. Not only that, but your fund does not appear on Investor.gov AND I even went to cross check your CIK # with the EDGAR filings look-up, and again it does not show up." Similarly, on or about January 6, 2022, another prospective investor stated in an email to Scotland that he found no information on Max Infinity Fund on the "sec.gov" website. In addition, on or about January 28, 2022, another investor stated in an email to Scotland that "sec.report" is "not an official government website," and Scotland forwarded the email to Sarabella.

6. False Statements Regarding Holding Shares "In House"

96. Offering Documents, the funds' websites, and the sales agents' pitches falsely represented to investors how the funds acquired and controlled purported pre-IPO shares of stock.

97. For example, sales agents, including Carini and Otar, falsely told investors that shares were held "in house" or "in inventory," and the Max Principals trained sales agents to emphasize this point as part of the rebuttals if a prospective investor questioned the price of the shares or suggested that they could get the shares cheaper elsewhere.

98. Similarly, the Max Infinity and Elder Funds' websites, which the Max Principals controlled, and Scotland routinely disseminated, state that "we'll give you exposure to in house-shares of all available pre-IPO opportunities."

99. In addition, the Offering Documents for Max 1, 1A, 1B, 2, 3, 4, and 5, which the Max Principals controlled, and Scotland routinely disseminated, falsely state that pre-IPO shares are purchased directly from the pre-IPO company at a price determined by the pre-IPO company.

100. In many instances, however, investors were sold fund interests that represented shares of pre-IPO stock before the purported shares or interests in shares of the stock were acquired. Moreover, for at least Max 1, 1A, 1B, 2, 3, 4, and 5, the funds did not acquire shares directly, but instead invested in another unregistered fund that purported to own pre-IPO stock. This fund-of-funds arrangement was not disclosed to investors, and it resulted in investors unknowingly assuming additional risk and cost.

7. Concealment of Fund Ownership and Control

101. Sarabella was held out to investors as Max Infinity Fund's owner, organizer, investment adviser and, at times, manager, but he had no prior industry experience in these roles. Similarly, the Offering Documents for most of the Max Infinity and Elder Funds held Scotland out as the funds' "manager," but Scotland had no prior experience in this role and largely acted at the direction of the Max Principals.

102. Cangialosi and Girgis had extensive industry experience but were suspended by FINRA during the first year of Max Infinity Fund's existence and also had prior regulatory suspensions and disciplinary action. Holding Sarabella and Scotland out in these roles served to conceal the control that Cangialosi and Girgis exercised over the funds.

103. Each Defendant knew that Cangialosi, Girgis, and Sarabella were jointly in charge of the funds.

104. Yet, while training the sales agents to tout the management of the funds as experienced and successful, and participating with the sales agents in making these pitches to investors, Defendants in most cases did not disclose to investors the identity of the control persons of the funds.

8. False Appearance of Corporate Structure and Oversight

105. The Offering Documents describe a fund that has structure, management, and oversight. This too was a fiction.

106. The Offering Documents describe a structure in which corporate records are maintained and fund assets and expenses are accounted for in a manner expected of multi-million dollar investment funds. In truth, fund assets were comingled, fund expenses were combined with those of other funds and fund series without any tracking or accounting, and standard corporate records were not maintained.

107. Rather, the corporate records of the funds were reflected in a couple of handwritten notebooks maintained by Sarabella, at least one of which has been destroyed.

III. UNREGISTERED SECURITIES OFFERINGS AND BROKERS

108. Neither the funds nor their securities offerings were registered with the Commission in any capacity, and the sales agents were not associated with a registered broker-dealer to sell interests in the Max Infinity and Elder Funds. While all but three of the Max Infinity and Elder Funds have CIK numbers and EDGAR access, none of these funds made any filings with the Commission.

109. Max Infinity and Elder Fund Offering Documents claim exemption from registration under Securities Act Section (4)(a)(2) and Regulation D, although none of the funds filed a Form D. All of the funds engaged in general solicitation, however.

110. Max Infinity and Elder Funds relied almost exclusively on investor self-certification of accredited investor status, but the Defendants did not take steps to verify representations made on accredited investor questionnaires.

111. Moreover, the Max Principals, Carini, Otar, Scotland, and Lambert were not registered as broker-dealers nor associated with a registered broker-dealer to sell interests in the Max Infinity and Elder Funds. But each of them received transaction-based compensation in exchange for successfully soliciting investors for the funds and, in the case of the Max Principals and Lambert, also controlled the sales force that was receiving this form of compensation.

112. The sales agents in the boiler rooms were not associated with a registered entity for purposes of selling interests in the Max Infinity and Elder Funds, and also received transaction-based compensation for successfully soliciting fund investors.

FIRST CLAIM FOR RELIEF
Violations of Securities Act Section 17(a)
(All Defendants)

113. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112.

114. Defendants, directly or indirectly, singly or in concert, in the offer or sale of securities and by the use of the means or instruments of transportation or communication in interstate commerce or the mails, (i) knowingly or recklessly have employed one or more devices, schemes, or artifices to defraud, (ii) knowingly, recklessly, or negligently have obtained money or property by means of one or more untrue statements of a material fact or omissions of

a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (iii) knowingly, recklessly, or negligently have engaged in one or more transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

115. By reason of the foregoing, Defendants, directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF
Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder
(All Defendants)

116. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112.

117. Defendants, directly or indirectly, singly or in concert, in connection with the purchase or sale of securities and by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly have (i) employed one or more devices, schemes, or artifices to defraud, (ii) made one or more untrue statements of a material fact or omitted to state one or more material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (iii) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

118. By reason of the foregoing, Defendants directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

THIRD CLAIM FOR RELIEF
Violations of Advisers Act Sections 206(1) and (2)
(Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland)

119. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112.

120. Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland were investment advisers under Advisers Act Section 202(11) [15 U.S.C. § 80b-2(11)] because, "for compensation," they each "engage[d] in the business of advising others . . . as to the value of securities or as to the advisability of investing in, purchasing, or selling securities."

121. Sarabella is identified in the Offering Documents as the advisor to each of the fund series in exchange for carried interest as payment for his investment advisory services. As *de facto* co-owners and controllers of the Max Infinity and Elder Funds, Cangialosi and Girgis jointly performed, for compensation, investment adviser functions for the funds alongside Sarabella, regardless of who was identified in the Offering Documents. The Max Principals advised the Max Infinity and Elder Funds on which pre-IPO stock to purchase, where to purchase the purported interests in pre-IPO stock, and at what price. In addition, the Max Principals advised the Max Infinity and Elder Funds as to what proceeds would be used to pay for these purchases. Scotland was held out as the manager of most of the Max Infinity and Elder Funds and received recurring payments in exchange for his fund manager role.

122. The Max and Elder Entities also performed the functions of an investment adviser for the funds, including through their involvement in purchasing decisions and purchasing pre-IPO shares purportedly for the benefit of the Max Infinity and Elder Funds, even if they had no formal role as organizer, investment adviser, or manager for a particular fund.

123. Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland had an adviser-client relationship with and, therefore, owed a fiduciary duty to the Max Infinity and Elder Funds.

124. During the Relevant Period, while acting as an investment adviser, Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, (i) employed a device, scheme, or artifice to defraud a client or prospective client; and (ii) engaged in transactions, practices, or courses of business that operated as a fraud or deceit upon a client or prospective client.

125. By reason of the foregoing, Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Advisers Act Sections 206(1) and 206(2) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

FOURTH CLAIM FOR RELIEF
Violations of Advisers Act Section 206(4) and Rule 206(4)-8 Thereunder
(Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland)

126. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112 and paragraphs 120 through 123.

127. The Offering Documents for the Max Infinity and Elder Funds state that the purpose of each fund is to "invest in Portfolio Company Securities" and that each fund relies on the exception in either Section 3(c)(1) or (c)(7) of the Investment Company Act.

128. Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland were investment advisers under Advisers Act Section 202(11) [15 U.S.C. § 80b-2(11)] and had an adviser-client relationship

with and therefore owed a fiduciary duty to the Max Infinity and Elder Funds, which were pooled investment vehicles as defined in Rule 206(4)-8(b) [17 C.F.R. § 275.206(4)-8(b)].

129. While acting as investment advisers, Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, knowingly, recklessly, or negligently: (i) made one or more untrue statements of material fact or omitted to state one or more material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, to any investor or prospective investor in the pooled investment vehicle; and/or (ii) engaged in any act, practice, or course of business which is fraudulent, deceptive, or manipulative, with respect to any investor or prospective investor in the pooled investment vehicle.

130. By reason of the foregoing, Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland, directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

FIFTH CLAIM FOR RELIEF
Violations of Securities Act Sections 5(a) and (c)
(All Defendants)

131. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112.

132. During the Relevant Period, Defendants, directly or indirectly, singly or in concert: (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities through the use or medium of a prospectus

or otherwise; (b) for the purpose of delivery after sale, carried or caused to be carried through the mails or in interstate commerce, by means or instruments of transportation, securities; and/or (c) made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell securities through the use or medium of a prospectus or otherwise.

133. No registration statement was filed or was in effect with the Commission for any of the securities offered or sold by the Defendants.

134. By reason of the foregoing, Defendants, directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Securities Act Sections 5(a) and 5(c) [15 U.S.C. §§ 77e(a) and 77e(c)].

SIXTH CLAIM FOR RELIEF
Violations of Exchange Act Section 15(a)(1)
(JJRP, Grand Level, Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert)

135. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112.

136. JJRP, Grand Level, Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert, while not registered with the Commission as a broker or dealer or associated with a registered broker or dealer, made use of the mails or other means or instrumentality of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, securities other than exempted securities or commercial paper, bankers' acceptances, or commercial bills.

137. By reason of the foregoing, JJRP, Grand Level, Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert, directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Exchange Act Section 15(a)(1) [15 U.S.C. § 78o(a)].

SEVENTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Securities Act Section 17(a)
In the Alternative
(JJRP, Grand Level, Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert)

138. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112 and paragraphs 114 through 115.

139. As alleged herein, the Max Principals, the Max and Elder Entities, JJRP, and Grand Level violated Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

140. Carini, Otar, Scotland, and Lambert knowingly or recklessly provided substantial assistance to the violations of Securities Act Section 17(a) [15 U.S.C. § 77q(a)] by the Max Principals, the Max and Elder Entities, JJRP, and Grand Level.

141. Moreover, as alleged herein, Cangialosi, Girgis, the Max and Elder Entities, JJRP, and Grand Level violated Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

142. Sarabella knowingly or recklessly provided substantial assistance to the violations of Securities Act Section 17(a) [15 U.S.C. § 77q(a)] by Cangialosi, Girgis, the Max and Elder Entities, JJRP, and Grand Level.

143. Furthermore, as alleged herein, the Max and Elder Entities, JJRP, and Grand Level violated Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

144. Cangialosi and Girgis knowingly or recklessly provided substantial assistance to the violations of Securities Act Section 17(a) [15 U.S.C. § 77q(a)] by the Max and Elder Entities, JJRP, and Grand Level.

145. Also, as alleged herein, the Max Principals and the Max and Elder Entities violated Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

146. JJRP and Grand Level knowingly or recklessly provided substantial assistance to the violations of Securities Act Section 17(a) [15 U.S.C. § 77q(a)] by the Max Principals and the Max and Elder Entities.

147. By reason of the foregoing, JJRP, Grand Level, Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert are liable for aiding and abetting violations of Securities Act Section 17(a), and unless enjoined, will again aid and abet these violations.

EIGHTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder In the Alternative
(JJRP, Grand Level, Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert)

148. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112 and paragraphs 117 through 118.

149. As alleged herein, the Max Principals, the Max and Elder Entities, JJRP, and Grand Level violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

150. Carini, Otar, Scotland, and Lambert knowingly or recklessly provided substantial assistance to the violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by the Max Principals, the Max and Elder Entities, JJRP, and Grand Level.

151. Moreover, as alleged herein, Cangialosi, Girgis, the Max and Elder Entities, JJRP, and Grand Level violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

152. Sarabella knowingly or recklessly provided substantial assistance to the violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by Cangialosi, Girgis, the Max and Elder Entities, JJRP, and Grand Level.

153. Furthermore, as alleged herein, the Max and Elder Entities, JJRP, and Grand Level violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

154. Cangialosi and Girgis knowingly or recklessly provided substantial assistance to the violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by the Max and Elder Entities, JJRP, and Grand Level.

155. Also, as alleged herein, the Max Principals and the Max and Elder Entities violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

156. JJRP and Grand Level knowingly or recklessly provided substantial assistance to the violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by the Max Principals and the Max and Elder Entities.

157. By reason of the foregoing, JJRP, Grand Level, Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert are liable for aiding and abetting violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and unless enjoined, will again aid and abet these violations.

NINTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Advisers Act Sections 206(1) and (2)
(JJRP, Grand Level, Carini, Otar, and Lambert)

158. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112 and paragraphs 120 through 125.

159. Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland violated Advisers Act Sections 206(1) and 206(2) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

160. JJRP, Grand Level, Carini, Otar, and Lambert knowingly or recklessly provided substantial assistance to the violations by Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland.

161. As a result of the forgoing, JJRP, Grand Level, Carini, Otar, and Lambert are liable for aiding and abetting violations of Advisers Act Sections 206(1) and 206(2) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)], and unless enjoined, will again aid and abet these violations.

TENTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Advisers Act Sections 206(1) and (2)
In the Alternative
(Cangialosi, Girgis, Sarabella, and Scotland)

162. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112 and paragraphs 120 through 125.

163. Max Infinity Management, Max Infinity Venture Partners, and Elder Fund Management violated Advisers Act Sections 206(1) and 206(2) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

164. Cangialosi, Girgis, Sarabella, and Scotland knowingly or recklessly provided substantial assistance to the violations by Max Infinity Management, Max Infinity Venture Partners, and Elder Fund Management.

165. As a result of the forgoing, Cangialosi, Girgis, Sarabella, and Scotland are liable for aiding and abetting violations of Advisers Act Sections 206(1) and 206(2) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)], and unless enjoined, will again aid and abet these violations.

ELEVENTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Advisers Act Section 206(4)
and Rule 206(4)-8 Thereunder
(JJRP, Grand Level, Carini, Otar, and Lambert)

166. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112, paragraphs 120 through 123, and paragraphs 127 through 130.

167. Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland violated Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

168. JJRP, Grand Level, Carini, Otar, and Lambert knowingly or recklessly provided substantial assistance to Max Infinity Management, Max Infinity Venture Partners, Elder Fund Management, Cangialosi, Girgis, Sarabella, and Scotland with respect to their violations of Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

169. As a result of the forgoing, JJRP, Grand Level, Carini, Otar, and Lambert are liable for aiding and abetting violations of Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8], and unless enjoined, will again aid and abet these violations.

TWELFTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Advisers Act Section 206(4)
and Rule 206(4)-8 Thereunder
In the Alternative
(Cangialosi, Girgis, Sarabella, and Scotland)

170. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112, paragraphs 120 through 123, and paragraphs 127 through 130.

171. Max Infinity Management, Max Infinity Venture Partners, and Elder Fund Management violated Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

172. Cangialosi, Girgis, Sarabella, and Scotland knowingly or recklessly provided substantial assistance to Max Infinity Management, Max Infinity Venture Partners, and Elder Fund Management with respect to their violations of Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

173. As a result of the forgoing, Cangialosi, Girgis, Sarabella, and Scotland are liable for aiding and abetting violations of Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8], and unless enjoined, will again aid and abet these violations.

THIRTEENTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Exchange Act Section 15(a)(1)
(Max Infinity Management, Max Infinity Venture Partners, and Elder Fund Management)

174. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112 and paragraphs 136 through 137.

175. JJRP, Grand Level, Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert violated Exchange Act Section 15(a)(1) [15 U.S.C. § 78o(a)] in selling the Max Infinity and Elder Funds.

176. Max Infinity Management, Max Infinity Venture Partners, and Elder Fund Management knowingly or recklessly provided substantial assistance to the Exchange Act Section 15(a)(1) violations by JJRP, Grand Level, Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert.

177. By reason of the foregoing, Max Infinity Management, Max Infinity Venture Partners, and Elder Fund Management are liable for aiding and abetting violations of Section 15(a)(1) [15 U.S.C. § 78o(a)], and unless enjoined, will again aid and abet these violations.

FOURTEENTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Exchange Act Section 15(a)(1)
In the Alternative
(Cangialosi, Girgis, Sarabella, and Lambert)

178. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112 and paragraphs 136 through 137.

179. JJRP, Grand Level, Carini, Otar, Scotland, and Lambert violated Exchange Act Section 15(a)(1) [15 U.S.C. § 78o(a)] in selling the Max Infinity and Elder Funds.

180. Cangialosi, Girgis, and Sarabella knowingly or recklessly provided substantial assistance to the Exchange Act Section 15(a)(1) violations by JJRP, Grand Level, Carini, Otar, Scotland, and Lambert. Lambert knowingly or recklessly provided substantial assistance to the Exchange Act Section 15(a)(1) violations by JJRP, Grand Level, Carini, Otar, and Scotland.

181. By reason of the foregoing, Cangialosi, Girgis, Sarabella, and Lambert are liable for aiding and abetting violations of Section 15(a)(1) [15 U.S.C. § 78o(a)], and unless enjoined, will again aid and abet these violations.

FIFTEENTH CLAIM FOR RELIEF
Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder
Under Section 20(a) of the Exchange Act
In the Alternative
(Cangialosi, Girgis, Sarabella, and Lambert)

182. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112 and paragraphs 117 through 118.

183. As alleged above, the Max and Elder Entities, JJRP, and Grand Level violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10(b)-5].

184. At all relevant times, Cangialosi, Girgis, and Sarabella were control persons of the Max and Elder Entities, JJRP and Grand Level and were culpable participants in the violations by the Max and Elder Entities, JJRP, and Grand Level of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10(b)-5].

185. By reason of the foregoing, Cangialosi, Girgis, and Sarabella are liable as control persons under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10(b)-5] by the Max and Elder Entities, JJRP, and Grand Level.

186. At all relevant times, Lambert was a control person of Grand Level and was a culpable participant in Grand Level's violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10(b)-5].

187. By reason of the foregoing, Lambert is liable as a control person under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10(b)-5] by Grand Level.

SIXTEENTH CLAIM FOR RELIEF
Violations of Exchange Act Section 15(a)(1)
Under Section 20(a) of the Exchange Act
In the Alternative
(Cangialosi, Girgis, Sarabella, and Lambert)

188. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112 and paragraphs 136 through 137.

189. As alleged above, JJRP and Grand Level violated Exchange Act Section 15(a)(1) [15 U.S.C. § 78o(a)].

190. At all relevant times, Cangialosi, Girgis, and Sarabella were control persons of JJRP, and Grand Level and were culpable participants in the violations of JJRP and Grand Level of Exchange Act Section 15(a)(1) [15 U.S.C. § 78o(a)].

191. By reason of the foregoing, Cangialosi, Girgis, and Sarabella are liable as control persons under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for violations of Exchange Act Section 15(a)(1) [15 U.S.C. § 78o(a)] by JJRP and Grand Level.

192. At all relevant times, Lambert was a control person of Grand Level and was a culpable participant in Grand Level's violations of Exchange Act Section 15(a)(1) [15 U.S.C. § 78o(a)].

193. By reason of the foregoing, Lambert is liable as a control person under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for violations of Exchange Act Section 15(a)(1) [15 U.S.C. § 78o(a)] by Grand Level.

SEVENTEENTH CLAIM FOR RELIEF
Disgorgement and Prejudgment Interest Against the Relief Defendants
Under Section 21(d) of the Exchange Act
(JCang1 Corp., Girgis Consulting, Inc., October United Marketing Inc., Under Par Consulting Inc., Put Them on the Books Marketing Inc., Perfect Perfection, Ltd., Scotland Omega Ltd., and Franz & Anthony Holdings Corp.)

194. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 112, paragraphs 114 through 115, paragraphs 117 through 118, paragraphs 120 through 125, paragraphs 127 through 130, paragraphs 132 through 134, paragraphs 136 through 137, paragraphs 139 through 147, paragraphs 149 through 157, paragraphs 159 through 161, paragraphs 163 through 165, paragraphs 167 through 169, paragraphs 171 through 173,

paragraphs 175 through 177, paragraphs 179 through 181, paragraphs 183 through 187, and paragraphs 189 through 193.

195. Relief Defendants JCang1, Girgis Consulting, October United, Under Par, PTOTB, Perfect Perfection, Scotland Omega, and Franz & Anthony each received, directly or indirectly, funds or other property, which are either the proceeds of, or are traceable to the proceeds of, unlawful activities alleged in this Complaint to which they have no legitimate claim.

196. By reason of the foregoing, it would be inequitable for Relief Defendants to retain the proceeds from violations of the federal securities laws and such proceeds should be disgorged pursuant to Exchange Act Sections 21(d) [15 U.S.C. §§ 78u(d)].

PRAYER FOR RELIEF

WHEREFORE, the Commission requests that the Court enter a Final Judgment:

I.

In a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining Defendants, their agents, servants, employees, and attorneys and all persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, from violating, directly or indirectly:

(1) Securities Act Section 17(a) [15 U.S.C. § 77q(a)];

(2) Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10(b)-5];

(3) Advisers Act Sections 206(1), 206(2), and 206(4) [15 U.S.C. §§ 80b-6(1), (2), and (4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8];

(4) Securities Act Sections 5(a) and 5(c) [15 U.S.C. § 77e(a) and 77e(c)]; and

(5) Exchange Act Section 15(a)(1) [15 U.S.C. § 78o];

II.

Ordering Defendants to disgorge, where appropriate, on a joint and several basis, the ill-gotten gains they received as a result of the violations alleged herein and to pay prejudgment interest thereon pursuant to Exchange Act Sections 21(d)(3), (5), and (7) [15 U.S.C. §§ 78u(d)(3), (5), and (7)];

III.

Ordering Defendants to each pay a civil money penalty pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)], Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)], and Advisers Act Section 209 [15 U.S.C. § 80b-9];

IV.

Ordering that Cangialosi, Girgis, and Sarabella be barred from serving as an officer or director of a public issuer pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)];

V.

Permanently restraining and enjoining Cangialosi, Girgis, Sarabella, Carini, Otar, Scotland, and Lambert from directly or indirectly, including (but not limited to) through any entity owned or controlled by him, participating in the issuance, purchase, offer, or sale of any security; provided, however, that such injunction shall not prevent him from purchasing or selling securities listed on a national securities exchange for his own personal account;

VI.

Ordering each of the Relief Defendants to disgorge, on a joint and several basis with the individual Defendant who owns or controls that Relief Defendant, as appropriate, the ill-gotten

gains the Relief Defendant received and to pay prejudgment interest thereon pursuant to Exchange Act Sections 21(d) [15 U.S.C. §§ 78u(d)];

VII.

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

VIII.

Granting such other and further relief this Court may deem equitable and just.

JURY DEMAND

The Commission demands a jury in this matter for all claims so triable.

Dated: January 31, 2025

Respectfully submitted,

/s/ Derek S. Bentsen
Derek S. Bentsen
Kenneth W. Donnelly (*pro hac vice* motion pending)

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