

JLS

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

PETER R. KOHLI,  
DMS ADVISORS, INC.,  
MARSHAD CAPITAL GROUP, INC.,

Defendants,

and

THE DMS FUNDS,

Relief Defendant.

16 5143

Civil Action No.

Jury Trial Demanded

A TRUE COPY CERTIFIED TO FROM THE RECORD

DATED: SEP 28 2016

ATTEST: Stella Thomas

DEPUTY CLERK, UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF PENNSYLVANIA

COMPLAINT

Plaintiff Securities and Exchange Commission (“the Commission”) alleges the following against Defendants Peter R. Kohli, DMS Advisors, Inc. (“DMS Advisors”), and Marshad Capital Group, Inc. (“Marshad”):

SUMMARY

1. From 2012 through 2015, Defendants Kohli, DMS Advisors, and Marshad, lied in four distinct ways to induce over 120 investors to invest at least \$3.2 million in entities owned or controlled by Kohli.

2. In 2012, Kohli, a registered representative of a broker-dealer, launched Relief Defendant The DMS Funds, which ultimately consisted of four emerging markets mutual fund series (collectively, the “DMS Funds”). Kohli solicited his own customers and clients to invest in the funds using prospectuses and accompanying documents containing misrepresentations that overstated DMS Funds’ sophistication and ignored the key risk associated with these investments.

3. This key risk was that DMS Advisors, and Kohli, its principal, would be unable to pay the lion's share of the funds' expenses as promised, due to the absence of assets or income sufficient to meet such expenses.

4. As the funds floundered due to Kohli's extreme recklessness, Kohli engaged in three additional frauds in an effort to keep the funds afloat. First, Kohli made material misrepresentations in connection with the sale of warrants to purchase Marshad stock, another entity Kohli controlled. Second, Kohli misappropriated investor money that he solicited for the purported purpose of making investments into one of the funds, and instead used the money to pay fund expenses. And third, as the funds neared collapse, Kohli lied to investors in connection with the sale of Marshad promissory notes in a desperate attempt to raise money to cover fund expenses and to delay the inevitable.

5. As a result of the conduct described in this Complaint, Kohli, DMS Advisors, and Marshad violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)]; and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

6. As a result of the conduct described in this Complaint, Kohli and DMS Advisors violated, and unless restrained and enjoined will continue to violate, Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(1), 80b-6(2), 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

7. As a result of the conduct described in this Complaint, Kohli violated, and unless restrained and enjoined will continue to violate, Section 34(b) of the Investment Company Act of 1940 ("Investment Company Act") [15 U.S.C. § 80a-33(b)].

#### **JURISDICTION AND VENUE**

8. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. §§ 77t(b) and 77t(d)], Section 21(d) and (e) of the Exchange Act [15 U.S.C. §§ 78u(d), (e)], Sections 209(d) and 209(e) of the Advisers Act [15 U.S.C. §§ 80b-9(d),

(e)], and Sections 42(d) and (e) of the Investment Company Act [15 U.S.C. §§ 80a-41(d), (e)] to enjoin such acts, practices, and courses of business, and to obtain disgorgement, prejudgment interest, civil money penalties, and such other and further relief as the Court may deem just and appropriate.

9. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), (e), and 78aa], Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), (d), and 77v(a)], and Sections 209(d), 209(e), Section 214 of the Advisers Act [15 U.S.C. §§ 80b-9(d), (e), and 80b-14], and Section 44 of the Investment Company Act [15 U.S.C. § 80a-43].

10. Venue in this District is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa], Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 214 of the Advisers Act [15 U.S.C. § 80b-14], and Section 44 of the Investment Company Act [15 U.S.C. § 80a-43] because certain of the acts, practices, and courses of business constituting the violations alleged herein occurred within the Eastern District of Pennsylvania. Defendant Kohli also resides within the Eastern District of Pennsylvania.

#### **DEFENDANTS**

11. Peter R. Kohli, age 67, is a resident of Pottstown, Pennsylvania. He is the president and CEO of DMS Advisors. Kohli is also trustee, chairman, and CEO of DMS Funds. Kohli has held Series 6, 63, and 65 licenses.

12. DMS Advisors, Inc., founded in 2008 and formerly known as Family Heritage Financial, Inc., is a Pennsylvania corporation based in Leesport, Pennsylvania. DMS Advisors has been registered with the Commission as an investment adviser since 2012. From 2012 through December 2015, DMS Advisors' sole business activity was advising DMS Funds. At all times, Kohli was the only DMS Advisors employee who provided investment advisory services.

13. Marshad Capital Group, Inc. is a Pennsylvania corporation based in Leesport, Pennsylvania, founded in 2009 by Kohli as part of his plan to launch a mutual fund business. Kohli's wife is the majority shareholder of Marshad. Marshad does not engage in any business

besides acting as a holding company of DMS Advisors and DMS Financial, Inc., another Kohli-owned company. Marshad paid Kohli a salary from at least 2013 to 2015. Neither Marshad nor its securities are registered with the Commission.

#### **RELIEF DEFENDANT**

14. The DMS Funds is a Pennsylvania business trust organized in 2012, based in Leesport, Pennsylvania, and founded by Kohli. DMS Funds has been registered with the Commission as an investment company since 2012. DMS Funds operated the following four funds: (1) the DMS India Midcap Index Fund (“India Midcap Fund”), which opened in October 2012 and was liquidated in 2015; (2) the DMS India Bank Index Fund (“India Bank Fund”), which opened in January 2013 and was liquidated in 2015; (3) the DMS Baltic Index Fund (“Baltic Fund”), which opened in May 2013 was liquidated in 2015; and (4) the DMS Poland Index Fund (“Poland Fund”), which opened in July 2013 and closed in December 2014. The cash generated from liquidating the India Midcap Fund and India Bank Fund remains in bank accounts controlled by Kohli.

#### **RELEVANT ENTITY**

15. DMS Financial, Inc. (“DMS Financial”) is a Pennsylvania corporation based in Leesport, Pennsylvania. Kohli founded DMS Financial in 2004, and it is not registered with the Commission. DMS Financial sold life insurance, fixed annuities, mutual funds, and variable annuities. Kohli is the principal of DMS Financial.

#### **COMMONLY USED TERMS**

16. A warrant gives the holder of the warrant the right but not the obligation to buy an underlying security at a certain price, quantity, and future time.

17. An initial public offering (“IPO”) is the first time that the stock of a private company is offered to the public. IPOs are often issued by smaller, younger companies seeking capital to expand.

18. A note is generally, as here, a debt security obligating repayment of a loan at a set interest rate in a defined time period.

## FACTS

### **I. KOHLI FRAUDULENTLY INDUCED INVESTORS TO INVEST IN DMS FUNDS AND OTHER ENTITIES HE CONTROLLED**

19. In 2004, Kohli began working as a registered representative, selling to individuals variable and fixed annuities, mutual funds, and life insurance under a trade name, DMS Financial.

20. Kohli solicited prospective customers by mailing them invitations to his free dinner investment seminars. Kohli targeted individuals 50 years old and up, with a minimum income of \$25,000 per year.

21. Kohli offered and sold financial products to individuals who attended such seminars, many of whom were elderly or retired, earning commissions on these sales.

22. In 2012, Kohli began acting as an investment adviser to many of the same people to whom he had previously sold financial products.

23. Kohli maintained relationships with his brokerage customers and advisory clients by, for example, periodically holding in-person meetings to review their investments and hosting a holiday party for his customers and clients on an annual basis. Over the years, many of his clients developed a deep trust of Kohli and relied heavily on him for investment advice.

#### **A. Kohli Launched DMS Funds and Used Fraudulent Statements to Overstate DMS Funds' Credibility and Sophistication and Minimize the Risk Associated with These Investments**

24. By 2010, Kohli began the process of founding a mutual fund business. Though Kohli had no experience in this field, Kohli planned to launch a series of mutual funds, each of which was designed to mirror a stock exchange index in an emerging market.

25. To accomplish this plan, Kohli formed DMS Advisors, Marshad, and DMS Funds. Marshad was the holding company for DMS Advisors and DMS Financial, and Kohli formed DMS Advisors to provide investment advisory services to DMS Funds.

26. DMS Advisors and Kohli served as investment advisers to DMS Funds, agreeing to provide investment advice to the DMS Funds for compensation (which DMS Advisors and Kohli agreed to waive until each mutual fund attained a specified amount of assets).

27. DMS Advisors also agreed to pay the expenses associated with each of the mutual fund's expenses that exceeded approximately 1% of its net assets.

28. Prior to launching DMS Funds, Kohli determined that each fund's net assets needed to reach \$12 million in order for the funds to keep their total expenses less than approximately 1%, such that DMS Advisors would no longer have any obligation to pay the expenses.

29. Kohli significantly underestimated the time it would take for each fund to reach \$12 million in assets, and therefore drastically underestimated the expenses that DMS Advisors would have to pay. Kohli launched the funds with no realistic plan for how DMS Advisors would pay these expenses. As a result of these failures, and contrary to the registration statements, DMS Funds frequently had to pay its own substantial expenses that exceeded 1% of net assets.

30. Kohli solicited the vast majority of his preexisting brokerage customers and advisory clients to invest in DMS Funds, and many of these individuals invested in one or more of the DMS Funds.

31. For each of the four DMS Funds, Kohli and DMS Funds filed with the Commission a registration statement. Each registration statement contained a corresponding prospectus, statement of additional information, and financial statements. Much of the factual information and claims about the funds in these registration statements came from Kohli.

32. On October 19, 2012, Kohli and DMS Funds filed with the Commission registration statements for the India Midcap Fund and India Bank Fund. Kohli reviewed and revised each of these October 19, 2012 registration statements, and signed these and each of the other registration statements filed by DMS Funds in his capacity as DMS Funds' principal executive officer, trustee, chairman, and CEO.

33. The registration statements for the DMS Funds all contained material misrepresentations and omissions designed to portray investment in the mutual funds as substantially less risky than it was, and to depict DMS Funds and DMS Advisors as far more sophisticated than they actually were.

34. With respect to risk, the registration statements omitted the key fact that until the funds each reached a minimum threshold of roughly \$12 million under management, DMS Advisors would be responsible for paying the funds expenses over a specified amount *and* DMS Advisors had virtually no capital and no source of income other than direct investors.

35. The registration statements each contain several statements that the funds would invest “all” or “substantially all” of their assets into the securities of the applicable index, but this was false because the funds regularly were using a large portion of their assets to pay for expenses rather than to invest in securities.

36. With respect to the sophistication and operation of DMS Funds, the registration statements contained the following material misrepresentations:

- a. The registration statements falsely stated that DMS Funds’ Board of Trustees received compliance reports from DMS Funds’ and DMS Advisors’ chief compliance officers addressing certain areas of risk. Neither DMS Advisors’ nor DMS Funds’ chief compliance officer generated such reports for Board review. In fact, DMS Advisors and DMS Funds had no functioning compliance programs for most of their existence. DMS Funds did not implement compliance policies or procedures until 2015.
- b. The registration statements falsely stated that DMS Advisors reviewed broker-dealer performance, seeking best execution; adopted broker allocation procedures; adopted policies and procedures with respect to

disclosure of information about fund portfolio securities; adopted frequent trading policies; and adopted a code of ethics. Each of these statements was false.

- c. The registration statements falsely stated that the DMS Funds Board of Trustees had three committees—the contracts committee, the governance committee, and the audit committee—and described the tasks undertaken by each. These statements were false. DMS Funds did not have a contracts committee or a governance committee at any time, and there was no audit committee until 2013.
- d. The registration statements falsely stated that the DMS Funds Board of Trustees received reports regarding the operation of DMS Funds' service providers, adopted proxy voting procedures, and delegated fair valuation decisions to its investment adviser's valuation committee. The DMS Funds Board of Trustees took none of these actions.

37. Each of these misrepresentations and omissions appeared in the registration statements filed by Kohli on behalf of DMS Funds for each of the four funds.

**B. DMS Funds Was an Immediate Failure and Kohli Resorted to Additional Frauds to Keep the Business Afloat**

38. From the very start of operations, DMS Funds was a financial failure.

39. Predictably, the insurmountable issues caused by the cost and fee structure Kohli created, and DMS Advisors' lack of initial capital resulted in immediate cash shortages at the funds caused by the need to pay expenses.

40. On at least three separate occasions, Kohli resorted to additional frauds to obtain the money needed to pay these expenses and keep DMS Funds in operation, and to pay Kohli's



salary.

**i. Kohli Fraudulently Sold Marshad Warrants to Raise \$258,000**

41. By November 2013, DMS Advisors owed DMS Funds tens of thousands of dollars in expenses it could not reimburse. Neither Kohli nor DMS Advisors had the money to pay these expenses.

42. In an effort to raise the money, on or around November 22, 2013, Kohli solicited his preexisting brokerage customers and investment advisory clients to buy “warrants” to purchase stock in Marshad, DMS Advisors’ holding company. In a letter he sent to his customers and clients dated November 22, 2013, Kohli explained that warrant purchasers could make money by selling the company’s shares after Marshad had an IPO. Kohli purposefully misidentified Marshad as “DMS Advisors” in the letter because he knew the recipients were unfamiliar with the name Marshad.

43. Kohli wrote that the company was “preparing to file for an initial public offering to be launched in January 2017,” the stock would be traded on the “NASDAQ,” and “[t]he current launch price has been initially determined to be \$12 per share.” None of these statements was true.

44. At the time that Kohli made these representations about Marshad’s IPO, Kohli had taken no steps toward a public offering of Marshad’s stock, no one had made any determination of the likely value of Marshad shares in the event of a public offering, and Kohli had no reason to believe that that such an offering might take place in January 2017.

45. Within six weeks of sending the November 22, 2013 letter, Kohli sold 17 Marshad warrants for a total amount of \$258,000. The warrants stated that Marshad would pay back the purchase price if it did not conduct a public offering by January 2017. Kohli then used

the money to pay DMS Funds and other expenses.

46. There was never any public offering of Marshad securities.

**ii. Kohli Stole More than \$340,000 from DMS Funds Investors**

47. By summer 2014, DMS Advisors again owed DMS Funds tens of thousands of dollars in unreimbursed expenses.

48. Beginning in August 2014 and continuing through February 2015, Kohli solicited \$342,907 in investments in the India Midcap Fund from at least eleven people, many of whom were preexisting brokerage customers and/or advisory clients.

49. However, Kohli never used this money to purchase shares of the India Midcap Fund. Instead, Kohli stole this money and used it to pay amounts that DMS Advisors owed DMS Funds, and to pay other business expenses.

50. In order to conceal his theft, Kohli created fake monthly statements that he had sent to these investors purporting to show the status of their investment in the India Midcap Fund.

51. Because of these unusual fake statements, one of the eleven investors became suspicious and contacted the India Midcap Fund's third-party administrator for an account of his Fund holdings. The third-party administrator told this victim that it had no record of his investment in the India Midcap Fund. When the administrator subsequently questioned Kohli about the investor's money, Kohli lied and claimed that the money was actually a loan, and that the investor misremembered the nature of his investment because he was suffering from memory loss. All of these statements were false.

52. When the investor then confronted Kohli about the suspicious fake account statements, Kohli told the investor that the investor had actually agreed to loan DMS Advisors the money and that the individual was mistaken in thinking that he had invested in the India Midcap Fund. However, this investor, as well as others who received fake statements, never agreed to loan DMS Advisors money, and instead were told by Kohli that they were investing in

mutual fund shares, as the fake account statements purported to confirm.

**iii. Kohli Fraudulently Sold Marshad Notes to Raise \$140,000**

53. In the summer of 2015, DMS Advisors again owed DMS Funds tens of thousands of dollars in unreimbursed expenses, and additional business expenses also began to accumulate.

54. Kohli again resorted to fraud to raise funds in attempt to cover these expenses.

55. On June 22, 2015, Kohli emailed many of his customers, clients, and investors, offering to sell Marshad notes at an interest rate of 5% redeemable at the end of ninety days. Kohli wrote that he had a “short term liquidity problem here at DMS,” and that “there will be a gap of about 60-90 days which we feel we will need to plug with loans.”

56. These statements were false. Kohli knew that DMS Advisors had struggled to pay the mutual funds’ expenses from the very first year of operations, and that he already had used fraud schemes to pay these expenses.

57. Kohli also knew that the mutual funds held such low assets that DMS Advisors could not realistically expect to earn the advisory fees needed to repay the notes. For example, for DMS Advisors to earn any advisory fees from the largest DMS Fund, the India Midcap Fund, the Fund would have had to grow to over 45 times the net assets it held on June 22, 2015.

58. Kohli did not tell these investors that there was no reasonable possibility that Marshad would be able to repay investors. Kohli nevertheless sold Marshad promissory notes, for a total of \$140,000, from June 24, 2015 through October 19, 2015.

**C. DMS Funds Shut Down and Kohli’s Investors Lost Money**

59. In December 2014, DMS Advisors shut down the Poland Fund. DMS Funds returned a fraction of the money invested to the investors in this fund.

60. In November 2015, DMS Funds ran out of money and the DMS Funds Board of

Trustees voted to close the three remaining mutual funds. The funds were liquidated and the proceeds of those securities sales, approximately \$540,000, are currently being held in bank accounts controlled by Kohli.

61. DMS Funds' third-party administrator has halted redemptions because DMS Advisors continues to owe the Funds money for fund expenses. DMS Advisors has not made a payment for expenses since October 2015.

62. Many investors in the DMS Funds have not received their money back. None of the Marshad warrant or note purchasers has received any of his or her money back.

## **II. DEFENDANTS VIOLATED THE SECURITIES LAWS THROUGH THE MATERIAL MISSTATEMENTS AND OMISSIONS THEY MADE TO DEFRAUD INVESTORS**

63. During the relevant period, Kohli operated and controlled DMS Advisors and Marshad.

64. All of the misrepresentations and omissions set forth herein, individually and in the aggregate, are material, and were made in connection with the offer, purchase, or sale of securities. There is a substantial likelihood that a reasonable investor would consider the misrepresented facts and omitted information important, and/or that disclosure of the omitted facts or accurate information would alter the "total mix" of information available to investors.

65. In connection with the conduct described herein, Defendants acted knowingly and/or extremely recklessly. Among other things, Defendants knew or were reckless in not knowing that they were making material misrepresentations and omitting to state material facts necessary to make certain statements not misleading under the circumstances in connection with selling or offering to sell DMS Funds investments and Marshad warrants and notes.

66. Through their material misrepresentations and omissions, Defendants knowingly, recklessly, or negligently obtained money or property from investors. Defendants took at least

\$3.2 million from investors, over \$1.7 million of which has not been returned, including the approximately \$540,000 in cash Kohli is holding in bank accounts he controls.

67. Through this scheme, Defendants knowingly, recklessly, or negligently engaged in acts, transactions or courses of business that operated as a fraud or deceit upon offerees, purchasers, and prospective purchasers.

68. The Marshad warrants and notes Defendants sold to investors are securities within the meaning of Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)]. Kohli sold the Marshad warrants and notes for the purpose of raising money for a business enterprise, and the purchasers of the warrants and notes invested with the expectation of profit. Kohli sold the Marshad warrants and notes to individual members of the general public, not to commercial investors, and the warrants and notes are not subject to a regulatory scheme that significantly reduced the risks inherent in their purchase.

69. Kohli and DMS Advisors acted as investment advisers during the relevant period, by providing investment advisory services to a pooled investment vehicle, and Kohli also acted as an investment adviser by providing investment advisory services to individual clients.

70. In connection with the conduct described herein, Kohli and DMS Advisors breached the fiduciary duty they owed to their investment advisory clients.

71. All of the registration statements described herein were filed with the Commission.

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

72. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 71, inclusive, as if they were fully set forth herein.

73. By engaging in the conduct described above, Defendants Kohli, DMS Advisors, and Marshad knowingly or recklessly, in the offer or sale of securities, directly or indirectly, by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails:

- (a) employed devices, schemes, or artifices to defraud;
- (b) obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or
- (c) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities.

74. By engaging in the foregoing conduct, Defendants Kohli, DMS Advisors, and Marshad violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

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

75. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 71, inclusive, as if they were fully set forth herein.

76. By engaging in the conduct described above, Defendants Kohli, DMS Advisors, and Marshad knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use of the means or instrumentalities of interstate commerce or of the mails or of any facility of a national securities exchange:

- (a) employed devices, schemes, or artifices to defraud;
- (b) made untrue statements of material fact, or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or
- (c) engaged in acts, practices, or courses of business which operated or would

operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

77. By engaging in the foregoing conduct, Defendants Kohli, DMS Advisors, and Marshad violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**THIRD CLAIM FOR RELIEF**  
**Violations of Section 206(1) and 206(2) of the Advisers Act**  
**(Against Kohli and DMS Advisors)**

78. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 71, inclusive, as if they were fully set forth herein.

79. By engaging in the conduct described above, Defendants Kohli and DMS Advisors, while acting as investment advisers, by the use of the means and instrumentalities of interstate commerce and of the mails, directly or indirectly, knowingly or recklessly have employed and are employing devices, schemes, and artifices to defraud their clients and prospective clients; and have engaged and are engaging in transactions, practices, and courses of business which operate as a fraud or deceit upon their clients and prospective clients.

80. By engaging in the foregoing conduct, Defendants Kohli and DMS Advisors have violated, and unless restrained will continue to violate, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

**FOURTH CLAIM FOR RELIEF**  
**Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder**  
**(Against Kohli and DMS Advisors)**

81. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 71, inclusive, as if they were fully set forth herein.

82. Defendants Kohli and DMS Advisors, by engaging in the conduct described above, directly or indirectly, by the use of means or instrumentalities of interstate commerce or use of the mails, while acting as investment advisers, engaged in acts, practices or courses of business that were fraudulent, deceptive and manipulative.

83. Defendants Kohli and DMS Advisors, while acting as investment advisers to pooled investment vehicles: (a) made untrue statements of material facts or omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, to investors or prospective investors in the pooled investment vehicle; or (b) engaged in acts, practices, or courses of business that were fraudulent, deceptive, or manipulative with respect to investors or prospective investors in the pooled investment vehicle.

84. By reason of the foregoing, Defendants Kohli and DMS Advisors violated, and unless enjoined and restrained will continue to violate, Section 206(4) of the Advisers Act [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 Section 34(b) of the Investment Company Act**  
**(Against Kohli)**

85. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 71, inclusive, as if they were fully set forth herein.

86. Defendant Kohli, by engaging in the conduct described above, made untrue statements of material fact, or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading, in registration statements, applications, reports, accounts, records, or other documents filed or transmitted pursuant to the Investment Company Act or the keeping of which is required by the Act.

87. By reason of the foregoing, Defendant Kohli violated, and unless enjoined and restrained will continue to violate, Section 34(b) of the Investment Company Act [15 U.S.C. § 80a-33(b)].

**SIXTH CLAIM FOR RELIEF**  
**(Against Relief Defendant DMS Funds)**

88. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 71, inclusive, as if they were fully set forth herein.

89. Relief Defendant DMS Funds received funds procured through the use of



prospectuses containing material misrepresentations and omissions, over which DMS Funds has no legitimate claim.

90. Relief Defendant DMS Funds received funds procured through Kohli's investment and offering frauds described above, over which DMS Funds has no legitimate claim.

91. Relief Defendant DMS Funds obtained the gains describe above as part, and in furtherance of, the securities law violations alleged above, under circumstances where it is not just, equitable, or conscionable for her to retain the funds.

92. By reason of the foregoing, Relief Defendant DMS Funds has been unjustly enriched and must disgorge the amount of its ill-gotten gains.

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment:

**I.**

Permanently restraining and enjoining Defendants Kohli, DMS Advisors, and Marshad from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)];

**II.**

Permanently restraining and enjoining Defendants Kohli, DMS Advisors, and Marshad from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

**III.**

Permanently restraining and enjoining Defendants Kohli and DMS Advisors from violating Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)] and Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. 275.206(4)-8];

**IV.**

Permanently restraining and enjoining Defendant Kohli from violating Section 34(b) of the Investment Company Act [15 U.S.C. § 80a-33(b)];

**V.**

Ordering Defendants Kohli, DMS Advisors, and Marshad to disgorge any and all ill-gotten gains, together with prejudgment interest, derived from the activities set forth in this Complaint;

**VI.**

Ordering Defendants Kohli, DMS Advisors, and Marshad to pay civil penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. §§ 78u(d)(3)], Section 20(d) of the Securities Act [15 U.S.C. §§ 77t(d)]; and, as to Defendants Kohli and DMS Advisors, pursuant to Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)]; and, as to Defendant Kohli, pursuant to

Section 42(e)(1) of the Investment Company Act [15 U.S.C. § 80a-41(e)(1)];

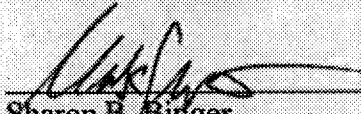
**VII.**

Ordering Relief Defendant DMS Funds to disgorge all ill-gotten gains to which it does not have a legitimate claim that DMS Funds received as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon; and

**VIII.**

Granting such other and further relief as this Court may determine to be just and necessary.

Respectfully submitted,



---

Sharon B. Binger  
G. Jeffrey Boujoukos (PA 67215)  
David L. Axelrod  
Kelly L. Gibson  
Mark R. Sylvester  
Brian P. Thomas

Attorneys for Plaintiff:

SECURITIES AND EXCHANGE COMMISSION  
1617 JFK Blvd., Suite 520  
Philadelphia, PA 19103  
Telephone: (215) 597-3100  
Facsimile: (215) 597-2740

Dated: September 28, 2016