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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. WILLIAM M. JORDAN, Defendant.	Case No. 8:18-cv-00852 **COMPLAINT**

Plaintiff Securities and Exchange Commission ("SEC") alleges:

<u>JURISDICTION AND VENUE</u>

1. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1), and 22(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77t(b), 77t(d)(1), & 77v(a)], Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27(a) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e), & 78aa(a)], and Section 214 of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. § 80b-14].

2. The defendant has, directly or indirectly, made use of the means or

instrumentalities of interstate commerce, or of the mails, in connection with the transactions, acts, practices and courses of business alleged in this Complaint.

3. Venue is proper in this district pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14] because certain of the transactions, acts, practices, and courses of conduct constituting violations of the federal securities laws occurred within this district. In addition, venue is proper in this district because the defendant resides in this district.

SUMMARY

4. Defendant William M. Jordan ("Defendant" or "Jordan"), the owner and principal of two investment advisory companies that offered investments in private funds (collectively referred to as the "WJA Funds"), defrauded his investment advisory clients over a period of years, before putting the WJA Funds into bankruptcy. Through offerings beginning in 2011 and lasting into 2016, Jordan raised more than $71 million from his advisory clients for sixteen investment funds. Jordan represented that investor money would be used for certain disclosed purposes; that his compensation would be limited to particular amounts; and that the WJA Funds were audited and custodied by third parties. In fact, Jordan, who had complete control of the WJA Funds' finances, commingled investor money; concealed the WJA Funds' true performance; engaged in pervasive, conflicted, and undisclosed inter-fund transfers; overpaid himself and his entities; and concealed his prior securities disciplinary history—giving the false appearance of a successful business enterprise, when in fact investor money was being shared amongst the WJA Funds.

5. Jordan controlled the entire advisory business enterprise. He met with the advisory clients and supervised the employees. In addition, he ran the investment advisory companies and the private investment fund operations. Finally, he made the decisions about the private investment fund investments,

focusing on deeds of trust securing real-estate loans ("trust deeds") but also investing in real estate, interests in private businesses and other securities.

6. The core of the misconduct was that Jordan improperly treated the WJA Funds as one pool of money, regularly moving money among the WJA Funds to meet cash flow needs. Then in 2013, Jordan created a new fund, called the TD REO Fund, LLC, to manage and liquidate defaulting trust deeds held by other funds. Jordan directed the TD REO Fund to issue promissory notes to other funds in exchange for the defaulting trust deeds. Jordan's business practice was to exchange the trust deeds for promissory notes at face value without applying a discount for collectability. This overstated the value of the promissory notes held in the WJA Fund that transferred out the defaulting trust deeds and hence the corresponding total investment value. Using these inflated valuations, Jordan overpaid management fees and bonuses to his investment advisory firm.

7. During the SEC's investigation, Jordan retained an auditor for the TD REO Fund. In February 2017, the auditor withdrew before completing the audit, concluding that the financial statements were not auditable.

8. Jordan then transferred control of his companies to a chief restructuring officer ("CRO"), and in May 2017, they filed for protection under Chapter 11 of the Bankruptcy Code.

THE DEFENDANT

9. **Defendant William M. Jordan ("Jordan")**, a resident of San Juan Capistrano, California, owned two Orange County investment advisory companies, William Jordan Investments, Inc. and WJA Asset Management, LLC.

10. Jordan was the president of William Jordan Investments, Inc. and the principal of WJA Asset Management, LLC.

11. From 1998 to 2010, Jordan worked as a registered representative for five different registered broker-dealers.

12. In 2012, FINRA, the self-regulatory organization for broker-dealers,

disciplined Jordan by suspending him from association with any FINRA registered broker-dealer and ordering him to pay disgorgement and a fine, in the matter of *In Re William Jordan* (FINRA No. 20100224072; CRD No. 3004702).

13. From 2001 to 2007, Jordan also worked for a California-registered investment adviser. In 2007, Jordan purchased that adviser and re-registered it, ultimately changing its name to William Jordan Investments, Inc.

14. On August 16, 2017, the Department of Business Oversight of the State of California ("DBO") issued a consent order barring Jordan from any position of employment, management, or control of any investment adviser, broker-dealer, or commodity adviser, pursuant to California Corporations Code Section 25232, in connection with the same conduct alleged in this Complaint, *In the Matter of William Michael Jordan and William Jordan Investments, Inc.* (CRD Nos. 3004702, 127495).

RELATED ENTITIES

15. **William Jordan Investments, Inc. ("WJ Investments")** is a California corporation formed by Jordan in or about 2007, with its principal place of business in Laguna Hills, California. From 2007 through August 2017, WJ Investments was a California-registered investment adviser controlled by Jordan. In May 2017, it filed for protection under Chapter 11 of the Bankruptcy Code and is now under the control of the CRO, *In the Matter of William Jordan Investments, Inc.* (C. D. Cal. Case No. 8:17-bk-12019-SC).

16. On August 16, 2017, the DBO issued a consent order revoking its investment adviser certificate pursuant to California Corporations Code Section 25232, in connection with the same conduct alleged in this Complaint, *In the Matter of William Michael Jordan and William Jordan Investments, Inc.* (CRD Nos. 3004702, 127495).

17. **WJA Asset Management, LLC ("WJA Management")** is a California limited liability company formed by Jordan in or about 2011, with its

principal place of business in Laguna Hills, California. WJA Management is the manager for the private investment funds formed by Jordan; those funds were WJA Management's sole clients. In May 2017, it filed for protection under Chapter 11 of the Bankruptcy Code and is now under the control of the CRO, *In the Matter of WJA Asset Management, LLC* (C. D. Cal. Case No. 8:17-bk-11996-SC).

18. **TD REO Fund, LLC ("TD REO Fund")** is a California limited liability company formed by Jordan in or about 2013 as a foreclosure management fund, to manage the defaulted trust deeds held in Jordan's private investment funds. In May 2017, it filed for protection under Chapter 11 of the Bankruptcy Code and is now under the control of the CRO, *In the Matter of TD REO Fund, LLC* (C. D. Cal. Case No. 8:17-bk-12010-SC).

19. **WJA Funds ("WJA Funds")** means and includes 16 private investment funds through which Jordan raised money from his advisory clients. All of the WJA Funds were organized as California limited liability companies, and founded by Jordan between 2010 and 2016. In addition, Jordan raised money from investors in 13 other limited liability companies. In May and June 2017, 24 of his limited liability companies filed for bankruptcy and all are now under the control of the CRO.

FACTUAL ALLEGATIONS

A. Background

20. Jordan was the principal of two investment advisory firms. Jordan's company WJ Investments was a California-registered investment adviser to individual investors. Jordan's company WJA Management was an unregistered investment adviser to the WJA Funds.

21. Jordan grew his WJ Investments business by obtaining new advisory clients from education seminars that he conducted and from client referrals. By 2016, he had more than 100 clients, located predominantly in Orange County, California. Jordan's clients were also located elsewhere in California and in

several other states.

22. Jordan acted as an investment adviser to his advisory clients. Jordan personally spoke with his advisory clients, explained prospective and actual investments, and offered investment advice.

23. Most of Jordan's individual clients invested in the WJA Funds in addition to other types of investments they had with his firm, including annuities, individual trust deeds, and publicly traded securities.

B. Jordan Offered and Sold Securities

24. Jordan offered and sold the WJA Funds' securities to his clients using private placement memoranda ("PPMs") as well as subscription agreements and operating agreements (collectively, the "offering documents").

25. Jordan retained an attorney, to whom he provided information to draft the offering documents. Before the offering documents were provided to investors, Jordan reviewed them, including reviewing the PPMs, which disclosed, among other information, his professional background, how investors' money would be used, and how WJA Management would be compensated.

26. Jordan, and/or employees acting on his instructions, provided the offering documents to prospective and actual investors.

27. The WJA Funds issued and sold two types of securities: limited liability company units and promissory notes.

28. From 2011 through 2016, Jordan raised more than $71 million from the sale of securities by the WJA Funds to approximately 100 investors.

C. Jordan Controlled the WJA Funds

29. Jordan personally controlled the WJA Funds. He also controlled all of the bank accounts and custodial accounts for the WJA Funds and was the sole signatory on their accounts.

30. Jordan directed the WJA Funds' investments, which were primarily trust deeds. The WJA Funds also invested in real estate, interests in private

businesses and other securities.

31. Jordan commingled the WJA Funds, operating them as one pool of money, and regularly moving money between various WJA Funds to meet cash flow needs. Jordan documented such transfers as loans to, or investments in, the other WJA Funds.

32. The CRO's publicly filed October 2017 Bankruptcy Status Report concluded, however, that the inter-fund transactions were pervasive, and not accurately reflected in Jordan's books and records.

33. These money transfers allowed certain WJA Funds that were low on cash to continue in operation and to distribute cash to investors in which new investor money was paid to existing investors. The money transfers also perpetrated the fraudulent notion that the WJA Funds were part of an enterprise with significant liquidity, when, in fact, they were not.

34. Jordan also falsely created the impression that third parties had significant responsibilities which enhanced the safety of the WJA Funds. For example, many PPMs identified a certain individual as the "president" of WJA Management, holding him out as an experienced real estate professional with significant advisory responsibilities. This individual's responsibilities, however, were limited to managing certain real-estate related assets.

35. Jordan also attempted to create the impression that having third party custodians for the WJA Funds' accounts enhanced investors' safety.

36. In an email in or about April 2012 about opening custodial accounts for some of the WJA Funds, Jordan said, "I'll be much happier when the assets are not under my direct control because it will give me a simple answer to the 'bernard madoff question' which of course every client asks."

37. Although Jordan did set up custodial accounts for the WJA Funds, he retained complete control over the accounts.

38. Jordan supervised the staff that made the accounting entries for the

WJA Funds.

39. The books and records relating to the WJA Funds were incomplete, contradictory, and inconsistent with the books and records of the WJA Funds' custodian.

40. Furthermore, the PPMs for the WJA Funds required WJA Management to hire an independent auditor to review or audit the financial statements annually. The WJA Funds, however, did not keep financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). Consequently, the WJA Funds did not have financial statements that could be audited or reviewed.

41. Through his control of the WJA Funds, Jordan directed their investments, cash transfers, and payment of fees and bonuses.

42. Jordan also directed the transfer of investor money (through WJA Management and WJI Investments) to himself and for his benefit.

D. Jordan Made Material Misrepresentations and Omissions and Engaged in a Scheme to Defraud Investors

1. *Jordan misused investor proceeds*

43. The offering documents for the majority of the WJA Funds contained similar disclosures regarding the planned use of investor proceeds. Those PPMs included very general explanations that the proceeds would be used in investments related to real estate. For example, one PPM disclosed that the fund would derive its profits from "the purchase of real property (single family, multi-unit, commercial and/or vacant) either held directly by the fund or through joint ventures with other operators or notes and partnerships related to real estate."

44. At least eight of the WJA Funds, however, disclosed specific investment purposes:

a. The "CA Express Fund" PPM falsely disclosed that it would only invest in businesses through joint ventures with managers with a track record of success; and that it would follow a "Warren Buffet Model," which was described as businesses which can be understood, can expect growth, and can generate annual returns of more than 30% to the Fund.

b. The "CA Express Fund II" PPM falsely disclosed that it would only invest in existing or startup businesses jointly owned by management; and would follow the "Warren Buffet Method," which was described as businesses that sell products or services which make sense and are able to be well understood by the manager, can expect growth, and can generate annual returns of more than 30% to the Fund.

c. The "California Indexed Growth Fund" PPM falsely disclosed that it would only invest in fixed income alternatives.

d. The "Consumer Debt Assets Fund" PPM falsely disclosed that it would only purchase an interest in a single entity, Consumer Debt Assets LLC, which was only available to institutional investors.

e. The "Equity Indexed Managed Fund" PPM falsely disclosed that it would only invest in fixed income alternatives.

f. The "Prosper Managed Fund" PPM falsely disclosed that it would only acquire consumer debt in the form of notes from a company called Prosper, Inc.

g. The "WJA Beachfront Fund" PPM falsely disclosed that it would only purchase a single family beachfront property in Capistrano.

h. The "WJA Express Fund" PPM falsely disclosed that it would only invest in new businesses managed by experienced operators that fit the "Warren Buffet" model, meaning they are straight-forward businesses with products or services which can be well understood by the managing member; and that it would invest solely in businesses "that present the opportunity to generate cash on cash returns in excess of 30% and which have the potential to be sold in a 3-5 year time frame."

45. Jordan did not use investor proceeds solely as represented in the PPMs for these eight funds for investments like profitable businesses, fixed income alternatives, or beachfront property. Instead, Jordan treated the WJA Funds as one pool of money with its main investment in trust deeds, either directly or indirectly through loans/investments into other WJA Funds investing in trust deeds.

46. Even as to the WJA Funds with more general disclosures, Jordan did not disclose that investor proceeds would be commingled amongst different WJA Funds or that there would be pervasive inter-fund transfer activity.

47. Jordan therefore knowingly or recklessly misrepresented the use of investor proceeds in the WJA Funds.

48. Investors would have found it important to their investment decisions to know that investor proceeds were not used as disclosed and were commingled amongst the WJA Funds.

2. *Jordan overstated the WJA Funds' asset values*

49. Beginning in 2013, trust deeds held in several of the WJA Funds began to default.

50. Jordan solved the administrative burden created by these defaults by forming the TD REO Fund as a foreclosure management fund.

51. Jordan then transferred the defaulted trust deeds to the TD REO Fund and recorded a corresponding promissory note on the originating WJA Funds' balance sheets at the same face value of the defaulted trust deeds.

52. Jordan never wrote down the promissory notes to their fair value. The overstated asset value of these promissory notes caused the WJA Funds that received the promissory notes to also have overstated value.

53. For example, one of the WJA Funds called the TD Opportunity Fund LLC lent $4.4 million secured by a commercial property in Baytown, Texas.

54. In early 2015, Jordan moved the defaulted Baytown trust deed from

the TD Opportunity Fund to the TD REO Fund in exchange for a promissory note in the amount of the trust deed.

55. In June 2015, Jordan received a government notice of numerous code violations on the property, and in August 2015, the court ordered that the building be demolished because it was in danger of falling. In February 2016, the city demolished the building.

56. Throughout this process, Jordan knew that the land was worth about $1 million, substantially less than the $4.4 million face value of the promissory note, and had been told that if the building were to be demolished it would be "most detrimental" to their security interest.

57. Jordan, however, continued valuing the promissory note in the TD Opportunity Fund at its $4.4 million face value.

58. Another issue related to TD REO Fund involved the failure to disclose certain losses. As Jordan managed the defaulted trust deeds, some of the real estate became owned by the TD REO Fund and was identified in the books and records as "REO" properties. The profit and loss statement ("P&L") for the TD REO Fund for three years showed significant losses for sales of REO properties:

Year	Amount of Loss
2014 TD REO P&L	$843,552
2015 TD REO P&L	$1,007,702
2016 TD REO P&L	$671,348
TOTAL	$2,522,602

59. Jordan continued to offer and sell investments in the WJA Funds throughout 2015 and 2016 but did not disclose the significant trust deed investment losses.

60. Jordan's failure to disclose the true financial condition of the

investments was misleading to investors because it created the impression that Jordan's business enterprise was financially profitable when instead it was suffering losses.

61. Jordan's outside auditor identified to Jordan additional losses in the TD REO Fund as of December 31, 2016, but withdrew from the engagement before completing the audit because the financial statements were not auditable.

62. Jordan knew or was reckless in not knowing that the trust deed investments had significant losses and, therefore, the promissory notes received in exchange by the WJA Funds from the TD REO Fund were overvalued because they were not fully collectible.

63. Investors would have found it important to their investment decisions to know that Jordan's investments had suffered undisclosed losses.

3. Jordan defrauded investors through the WJA Funds' payment of excessive management fees and bonuses

64. The PPMs for the WJA Funds authorized a management fee for WJA Management based on each WJA Fund's assets under management (sometimes referred to as "AUM"). The authorized fees ranged from 1% to 2.5% of AUM, depending on the WJA Fund.

65. Between 2013 and 2016, WJA Management received management fees of more than $3.7 million for 16 of the WJA Funds.

66. The PPMs for some of the WJA Funds also authorized a management bonus for WJA Management based on the fund's profitability. Profitability was defined as "the taxable income . . . of the company as determined under IRS Code Section 703(a)." A typical disclosure provided that if the fund achieved greater than a "10% investor return," then the "remaining profits" would be split between investors and the manager, WJA Management.

67. WJA Management began receiving management bonuses in 2013. Between 2013 and 2016, WJA Management was paid total bonuses of

approximately $1.9 million from six of the WJA Funds, with 90% of this bonus money coming from one fund.

68. Jordan paid his company WJA Management excessive fees and improper bonuses.

69. First, both the management fees and bonuses were based on AUM that was overstated due to the over-valued promissory notes received from the TD REO Fund.

70. Second, Jordan annually estimated the "current value" of investments and then used the difference in the value, *i.e.*, the unrealized gains, to calculate his bonuses.

71. This was contrary to the requirement set forth in the PPMs that bonuses be paid when profits had been received. Since these funds had not realized profits, they should not have paid management bonuses.

72. Jordan used new investor money – and not profits – to make some of the bonus payments. Specifically, if Jordan determined that he was entitled to a bonus but the fund did not have available cash, Jordan transferred new investor money from one fund to the other to pay the bonus.

73. The fraudulent practice of calculating bonuses on unrealized gains was made worse by a computational error. In connection with the 2015 asset valuation for the Real Estate Opportunity I Fund, its real estate investments were overvalued by $2.2 million, increasing one investment's value from $3.3 million to $5.5 million because the valuation did not include a mortgage liability. This error increased the size of the bonus overpayment for this fund.

74. Jordan knowingly or recklessly misrepresented that the management fees for WJA Management would be based on each fund's AUM when instead he repeatedly paid the fees based on AUMs that were overstated because the promissory notes related to the trust deed investments in default were never written down to fair value.

75. Jordan knowingly or recklessly misrepresented that certain of the WJA Funds would pay management bonuses to WJA Management based on realized profits when instead they paid improper bonuses of at least $1.9 million based on unrealized gains.

76. Investors would have found it important to their investment decisions to know that the WJA Funds were paying excessive compensation and bonuses to Jordan and his entities.

4. *Jordan failed to obtain audits or reviews of the WJA Funds*

77. The PPMs for the WJA Funds required WJA Management to hire an independent auditor to review or audit the financial statements annually.

78. Jordan hired an auditor in 2012 to audit one or two of the WJA Funds, but then suspended the audits before completion.

79. Jordan knowingly or recklessly misrepresented to investors in the offering documents that he would obtain an annual review or audit but never obtained one for any of the WJA Funds.

80. Investors would have found it important to their investment decisions to know that the WJA Funds were not audited by an independent auditor.

5. *Jordan omitted his disciplinary history from the PPMs*

81. FINRA brought an action against Jordan for his conduct at one registered broker-dealer, alleging that Jordan sold bonds backed by life insurance policies without conducting adequate due diligence or obtaining approval from the broker-dealer. Pursuant to his consent, in 2012, FINRA disciplined Jordan by suspending him from association with any FINRA registered broker-dealer for three months, and ordering him to pay disgorgement of $6,300 and a fine of $15,000.

82. In the PPMs, Jordan extensively described his professional background and securities industry experience, touting his two decades of experience in assisting affluent investors.

83. Jordan, however, knowingly or recklessly omitted his FINRA disciplinary history from the WJA Funds' PPMs, thereby making his disclosed background as a securities industry professional materially misleading.

84. Investors would have found it important to their investment decisions to know of Jordan's disciplinary history in the securities industry.

6. *Jordan directed the WJA Funds to engage in conflicted inter-fund transfers*

85. The PPMs all included similar boilerplate disclosures about conflicts of interest. For example, one PPM disclosed the following types of conflicts: (a) the manager had other projects and determined the allocation of management time; (b) investment units could only be redeemed at the discretion of management; (c) Jordan's recommendations to other clients may conflict with the best interests of the fund; and (d) the operating agreement contained an indemnification provision.

86. The offering documents, however, did not disclose either the (a) possibility that investor proceeds would be used to make inter-fund loans or investments; or (b) material conflicts of interest created by Jordan's operation of the WJA Funds as one pool of money.

87. Furthermore, the WJA Funds did not have independent representatives such as a board of directors that could consent on behalf of the WJA Funds to the loans or investments.

88. The inter-fund transactions involved a significant portion of the investors' money. For example, seven of Jordan's investment funds contributed $34 million to each other and then returned $22 million to each other.

89. Jordan directed conflicted transactions between the WJA Funds when he made large inter-fund loans and investments as a regular course of business. These loans between the WJA Funds presented conflicts of interest because Jordan was responsible for (a) directing the funds to make the transfers, (b) determining

the terms of the loans, and (c) determining when and whether the borrower funds repaid the loans. Moreover, because there was little documentation concerning the loans, the lender funds were exposed to the risk that they would have no recourse should the borrower funds default.

90. Jordan defrauded the WJA Funds by engaging in conflicted transactions without consent of the WJA Funds.

91. Jordan also breached his fiduciary duty and defrauded the advisory client investors of the WJA Funds by entering into the conflicted inter-fund transactions without disclosing the conflicts and obtaining investor consent.

92. Investors would have found it important to their investment decisions to know that Jordan was directing the WJA Funds to engage in conflicted inter-fund transfers.

E. Summary of Misrepresentations and Omissions

93. Jordan obtained cash from investors by making numerous false and misleading statements and omissions in the securities offerings by the WJA Funds.

94. Jordan misrepresented that the management fees for WJA Management would be based on each fund's "assets under management" when instead he repeatedly paid the fees based on AUMs that were overstated because the promissory notes related to the trust deed investments in default were never written down to fair value.

95. Jordan misrepresented that certain of the WJA Funds would pay management bonuses to WJA Management based on realized profits when instead they paid improper bonuses of $1.9 million based on unrealized gains.

96. Jordan misrepresented to investors that he would obtain an annual review or audit for the WJA Funds but never did so.

97. Jordan omitted his FINRA disciplinary history in the PPMs, thereby making his disclosed background as a securities industry professional materially misleading.

98. Jordan misrepresented the use of investor proceeds in the WJA Funds when instead of investing investor proceeds as represented in the PPMs for investments like profitable businesses, fixed income alternatives, beachfront property, or notes from a third party, he invested their money in trust deeds.

99. Jordan offered and sold securities without disclosing his significant trust deed defaults and investment losses; this omission of the true financial condition of the investments created the impression that Jordan's business enterprise was financially profitable when instead it was suffering losses.

F. Summary of Scheme to Defraud

100. While continually raising money from investors, Jordan knowingly took actions in furtherance of his fraudulent scheme.

101. Jordan held an associate out to investors as an experienced real estate professional with significant advisory responsibilities, when instead his associate's responsibilities were limited to managing some of the real-estate investments.

102. Jordan created the impression that a third-party custodian controlled the WJA Funds' accounts, when instead he had complete control over the accounts and directed disbursements for fund investments, expenses, and fees and bonuses to WJA Management.

103. Jordan directed money transfers between WJA Funds, which allowed funds low on cash to distribute cash to investors.

104. Jordan transferred defaulted trust deeds to TD REO Fund and then never wrote down the value of the related promissory notes held in the WJA Funds, resulting in significantly overstated assets for the WJA Funds when the loans suffered significant losses.

105. Jordan transferred new investor money from one fund to another to pay his unearned bonuses.

106. Jordan directed material transactions between the WJA Funds which created conflicts of interest that he never disclosed to his advisory clients.

107. This scheme created the impression that Jordan's business enterprise was financially very successful. This false impression was central to Jordan's scheme because many of his advisory clients made new investments with him based on the perceived success of their earlier investments.

FIRST CLAIM FOR RELIEF

Fraud in the Offer or Sale of Securities

Violations of Sections 17(a) of the Securities Act

(Against Defendant Jordan)

108. Paragraphs 1 through 107 are realleged and incorporated by reference.

109. By reason of the conduct described above, Jordan, directly or indirectly, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce, or by use of the mails: (a) with scienter, employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of a material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

110. Jordan engaged in material misrepresentations and a scheme to defraud. Contrary to his representations to investors, he commingled investor proceeds, committed pervasive, undisclosed, and conflicted inter-fund transfers, concealed his disciplinary history, and used certain investors' monies to pay other investors—enabling him to give the false appearance of a profitable business enterprise, when in fact his advisory business was not profitable, and ultimately went into bankruptcy.

111. Jordan knew, or was reckless or negligent in not knowing, that he (i) employed devices, schemes and artifices to defraud, (ii) obtained money or property by means of untrue statements of a material fact or by omitting to state a

material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (iii) engaged in transactions, practices or courses of conduct that operated as a fraud on the investing public by the conduct described above.

112. By engaging in the conduct described above, Jordan violated, and unless restrained and enjoined, will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF

Fraud in Connection with the Purchase or Sale of Securities

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

(Against Defendant Jordan)

113. Paragraphs 1 through 107 are realleged and incorporated by reference.

114. By reason of the conduct described above, Jordan, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce or of the mails: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

115. Jordan engaged in material misrepresentations and a scheme to defraud. Contrary to his representations to investors, he commingled investor proceeds, committed pervasive, undisclosed, and conflicted inter-fund transfers, concealed his disciplinary history, and used certain investors' monies to pay other investors—enabling him to give the false appearance of a profitable business enterprise, when in fact his advisory business was not profitable, and ultimately went into bankruptcy.

116. Jordan knew, or was reckless in not knowing, that he (i) employed

devices, schemes and artifices to defraud, (ii) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and (iii) engaged in transactions, practices or courses of conduct that operated as a fraud on the investing public by the conduct described in detail above.

117. By engaging in the conduct described above, Jordan violated, and unless restrained and 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

Fraud by Investment Adviser

Violations of Sections 206(1) and 206(2) of the Advisers Act

(Against Defendant Jordan)

118. Paragraphs 1 through 107 are realleged and incorporated by reference.

119. From at least 2013 through 2016, Jordan, directly or indirectly, by the use of the means and instruments of transportation or communication in interstate commerce, and of the mails, employed devices, schemes and artifices to defraud investors, and engaged in transactions, practices and courses of business which operated as a fraud and deceit upon these investors.

120. Jordan, acting as an investment adviser, breached his fiduciary duty to the WJA Funds and to his advisory clients. Jordan engaged in material misrepresentations and a scheme to defraud. Contrary to his representations to investors, he commingled investor proceeds, committed pervasive, undisclosed, and conflicted inter-fund transfers, concealed his disciplinary history, and used certain investors' monies to pay other investors—enabling him to give the false appearance of a profitable business enterprise, when in fact his advisory business was not profitable, and ultimately went into bankruptcy.

121. By engaging in the conduct described above, Jordan violated, and unless restrained and enjoined, will continue to violate, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and (2)].

PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requests that the Court:

I.

Issue findings of fact and conclusions of law that Defendant Jordan committed the alleged violations.

II.

Issue a judgment, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendant Jordan, and his agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act and Rule 10b-5 thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5], and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and (2)].

III.

Order Defendant Jordan to disgorge all ill-gotten gains from his illegal conduct, together with prejudgment interest thereon.

IV.

Order Defendant Jordan to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

V.

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

VI.

Grant such other and further relief as the Court may determine to be just and appropriate.

Dated: May 15, 2018

/s/ Amy Jane Longo
AMY JANE LONGO
JANET RICH WEISSMAN
Attorneys for Plaintiff
Securities and Exchange Commission