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9 **IN THE UNITED STATES DISTRICT COURT**
 10 **FOR THE DISTRICT OF ARIZONA**
 11

12
 13 Securities and Exchange Commission,
 14 Plaintiff,
 15 vs.
 16 Jacob C. Glick
 17 Defendant.
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Case No.

**COMPLAINT FOR VIOLATIONS OF
 THE FEDERAL SECURITIES LAWS**

19
 20 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

21 **SUMMARY OF THE ACTION**

22 1. This case concerns a former investment adviser, Jacob C. Glick
 23 (“Defendant” or “Glick”), who defrauded advisory clients, including senior citizens and
 24 retirees, beginning in at least September 2015. As an investment adviser, Glick owed a
 25 fiduciary duty to put the interests of the clients he advised first, to deal with clients with
 26 the utmost honesty, to disclose all conflicts or potential conflicts of interest, and to use
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1 reasonable care in providing investment advice. Glick repeatedly violated his fiduciary
2 duty, ignored the interests of the clients he advised, and defrauded them when he engaged
3 in the following three separate courses of conduct:

4 2. First, Glick breached his fiduciary duty to the clients he advised when he
5 made investments that were not suitable for them. Glick also failed to disclose the
6 substantial risks involved in investing in stock options (as opposed to stock) and in
7 having a portfolio with a very high concentration of one security rather than a balanced
8 portfolio. Indeed, Glick invested elderly clients' funds in primarily one security, Rite Aid
9 (ticker symbol "RAD"), including high-risk RAD stock options. Glick's unsuitable
10 investments in RAD resulted in over \$1 million in realized and unrealized losses for the
11 clients advised by Glick.

12 3. Second, Glick solicited two clients to invest in a private placement offering
13 by making materially false misrepresentations about how and when he would invest the
14 funds, and by falsely representing that he would not personally receive any
15 compensation. Instead, Glick invested – and lost – the clients' investment of \$250,000
16 by using the funds for his own personal use and to make unsuccessful trades in RAD
17 without ever disclosing to his clients that he lost their money. To cover up this fraud,
18 Glick used funds from another client, an elderly widow in her seventies ("Client A"), to
19 repay the investors in his private placement, in a Ponzi-like fashion.

20 4. Finally, in another fraudulent scheme, Glick misappropriated over
21 \$300,000 from the same Client A, who was estranged from her family, and who had no
22 trading or finance experience and limited retirement resources outside of the funds she
23 had Glick manage for her. Glick received a check from Client A with the understanding
24 that Glick would invest the funds and create an income stream for her. Glick spent the
25 bulk of Client A's investment funds on personal expenditures that he hid from Client A's
26 family after she suffered a stroke, and invested the remainder in a long-term real estate
27 investment that was unsuitable for her.

1 until September 2015, Glick was an investment adviser representative at a large
2 international broker-dealer and investment adviser firm. Glick joined Advanced Practice
3 Advisors, LLC, (“APA”) as an investment adviser representative in September 2015. In
4 June 2017, APA terminated Glick for, among other things, making unsuitable
5 investments.

6 RELATED PARTIES

7 11. **Advanced Practice Advisors, LLC** (“APA”) is a California limited
8 liability company with its principal place of business in La Quinta, California. APA was
9 registered with the SEC as an investment adviser from June 2010 until October 2018,
10 when it became California-registered.

11 12. **IGA Capital, LLC** (“IGA Capital”) is a Nevada company formed by Glick
12 in or about September 2015 with Glick as its sole member and manager; on or about June
13 26, 2017, Glick registered IGA Capital as an investment adviser with the state of
14 Arizona. In May 2018, Glick terminated IGA Capital’s registration with the state of
15 Arizona and in October 2018, IGA Capital’s limited liability company filing was
16 revoked.

17 13. **Independent Fiduciary Group, Inc.** (“IFG”) was a Nevada corporation
18 wholly owned by Glick and incorporated in September 2015. Glick was the sole owner,
19 officer and director of IFG and formed IFG to act as a “doing business as” or “dba” while
20 Glick worked with APA. While he was associated with APA, Glick listed IFG as the
21 “Investment Advisor Representative” on the APA client advisory agreements for the
22 clients that Glick advised. IFG had its corporation status revoked in October 2018.

23 14. **IGA Holdings, LLC** (“IGA Holdings”) is an Arizona limited liability
24 company formed by Glick in October 2017 with Glick as the sole member. One of
25 Glick’s advisory clients (Client A) invested in IGA Holdings, although Glick moved the
26 investor funds to a separate limited liability company (Laurel MS Holdings, LLC) after
27 receiving them.

1 investment advisory fees for providing compliance services to IFG.

2 22. Through APA, 90% of the fees paid by the Glick Clients went to IFG for
3 providing investment management services.

4 23. As the sole member of IFG, Glick received the advisory fees paid to IFG as
5 his compensation.

6 24. While associated as an IAR with APA, Glick was an investment adviser
7 within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. 80b-2(a)(11)],
8 as he, for compensation through IFG, engaged in the business of advising others, either
9 directly or through publications and writings, as to the value of securities or as to the
10 advisability of investing in, purchasing or selling securities.

11 **B. Glick Breached his Fiduciary Duty by Making Unsuitable and Risky**
12 **Investments that Resulted in Substantial Losses**

13 25. At all relevant times, Glick acted as an investment adviser and owed a
14 fiduciary duty to the clients he advised.

15 26. While Glick was at his prior investment adviser firm, before he joined
16 APA, many of the clients he advised were invested in conservative investments, like
17 mutual funds, and their portfolios were balanced with different securities.

18 27. When he worked at his prior investment adviser firm, Glick did not invest
19 any client funds in stock options.

20 28. Many of the Glick Clients had little or no relevant investing experience,
21 were not sophisticated investors, had moderate or conservative risk tolerances and their
22 incomes, net worth levels, and their assets were modest.

23 29. Additionally, many of the Glick Clients were senior citizens and retirees.

24 30. Glick Clients trusted Glick to look out for their interests and to manage
25 their money in accordance with their investment objectives and, as a result, the Glick
26 Clients gave Glick discretionary authority to trade in their brokerage accounts.

27 31. Very shortly after he associated with APA, Glick began to sell the more
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1 conservative securities that the Glick Clients were invested in and began to use the
2 proceeds from these sales to purchase riskier securities, including stock options.

3 32. Glick began investing clients' money in RAD stock and options after Glick
4 read publicly available news stories in late 2015 stating that Rite Aid planned to merge
5 with Boots Alliance Inc., subject to approval by the Federal Trade Commission.

6 33. Based on this limited research and information, Glick had little basis to
7 believe that RAD securities, including stock options, were suitable for the Glick Clients.

8 34. The RAD call and put stock options in which Glick invested clients' money
9 are characterized by significant volatility and risk. There is a significant risk of incurring
10 substantial losses in trading in options, as opposed to stock, because, unlike stock, call
11 options can expire worthless if the call options do not reach the strike price set forth in
12 the options contract by the expiration date. As the Chief Compliance Officer ("CCO") of
13 APA acknowledged, put options are extremely risky and are only suitable for
14 sophisticated investors as they have potentially unlimited risk.

15 35. Glick knew, or was reckless in not knowing, or should have known, that
16 there was a significant risk of incurring substantial losses in trading in options, as
17 opposed to stock, in the Glick Clients' accounts.

18 36. Glick also breached his fiduciary duty to the Glick Clients when he failed
19 to disclose and explain to them the risks of investing in stock options (as opposed to
20 stock).

21 37. As a result of the purchase of RAD options and stock, many of the Glick
22 Clients had accounts that became heavily concentrated in one security, RAD.

23 38. Glick failed to disclose and explain to the Glick Clients the risks of putting
24 a majority of their funds into a high concentration of one security.

25 39. An over-concentration of one security, like RAD, was not suitable for the
26 Glick Clients.

27 40. Glick had a duty to determine that his recommendations were suitable for
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1 the Glick Clients in light of their financial needs, investment objectives, risk tolerance,
2 and circumstances.

3 41. Glick breached this duty when he failed to obtain current information about
4 the Glick Clients' financial objectives, circumstances and level of investment risk.

5 42. Although Glick obtained some information about the Glick Clients' risk
6 tolerance and investment objectives when he worked at his prior investment adviser firm,
7 before he joined APA, Glick admitted that he did not take that information with him to
8 APA. He also admitted that he did not obtain risk profile information (*i.e.*, information
9 about clients' investment goals and risk tolerance) for the Glick Clients after he joined
10 APA, despite APA policies and procedures requiring Glick to do so.

11 43. As a result, at APA, Glick did not have current information about the Glick
12 Clients' financial needs, investment objectives, risk tolerance and circumstances and
13 therefore he did not take this information into account when he invested their funds in
14 risky RAD securities.

15 44. In a July 2016 email, Glick told a colleague that he did not have the Glick
16 Clients fill out APA's required risk profile forms because "it doesn't matter..." as long as
17 "you produce the 7%-12%" per year."

18 45. While associated with APA, the Glick Clients gave Glick discretionary
19 authority to make investment decisions for them and to make trades in their brokerage
20 accounts.

21 46. Glick admits he invested the funds of almost all of the Glick Clients,
22 including those who were over 65 years old and/or were retired, in RAD securities.

23 47. For example, Client A was a widow residing in Arizona in her mid-70s
24 with a high school education and she had previously relied on her brother to manage her
25 investments but he had recently ceased managing her portfolio as they had become
26 estranged.

27 48. Client A's investment objective was safety and security, and when she met
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1 Glick her funds were primarily invested in a mix of low risk stocks.

2 49. On October 22, 2015, Client A moved from the prior investment adviser
3 firm where Glick worked to APA and also moved her funds to a new brokerage firm;
4 Client A listed Glick as her investment adviser on her new brokerage forms and vested
5 Glick with discretionary authority over her brokerage accounts.

6 50. Client A's portfolio was diversified and invested in largely conservative
7 securities and her account balance was over \$721,000 as of September 30, 2015, just
8 before she followed Glick to APA.

9 51. Beginning in or about March 2016, Glick began to purchase RAD securities
10 in Client A's account using his discretionary authority over her account.

11 52. By February 2017, Glick had invested over \$450,000 – more than half of
12 Client A's account balance – in RAD stock and Glick sold many of Client A's
13 conservative securities in order to do so.

14 53. An analysis by APA estimated losses of over \$125,000 as of June 2017 as a
15 result of Client A's investment in RAD stock.

16 54. These recommendations were unsuitable in light of Client A's investment
17 objectives, financial needs, age and circumstances.

18 55. Glick knew, or was reckless in not knowing, or should have known, that
19 recommending substantial purchases of RAD was unsuitable for Client A's needs and
20 failed to disclose the risks of options trading and having a concentrated position in RAD.

21 56. Another client who resides in Arizona, Client B, was advised by Glick at
22 Glick's prior investment adviser firm from approximately January 2013 through
23 approximately September 2015, where Glick managed Client B's individual retirement
24 account ("IRA") conservatively and pursuant to Client B's investment objectives and his
25 moderate risk tolerance.

26 57. Client B followed Glick to APA in approximately November 2015, where
27 Glick subsequently invested most of Client B's portfolio, including his IRA funds, in
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1 RAD securities.

2 58. In or about April 2016, Glick purchased approximately \$24,000 of RAD
3 stock in Client B's account, which accounted for 18% of Client B's account holdings in
4 his IRA account. Later, Glick invested 50% of Client B's IRA account in RAD,
5 including in high risk RAD stock options.

6 59. Prior to the RAD securities purchase, Client B had never owned individual
7 stocks and had invested in mutual funds.

8 60. The investment in RAD securities was not suitable for Client B's IRA
9 account.

10 61. Glick admitted he should not have invested most of Client B's portfolio in
11 RAD securities.

12 62. APA estimated that Client B had losses of over \$58,000 by June 2017 as a
13 result of Glick's investment in RAD stock and RAD call options in Client B's accounts.

14 63. Glick breached his fiduciary duty to two other Glick Clients, a married
15 couple, Clients C and D, by also purchasing RAD securities in their account. In April
16 2016, when Glick began changing their portfolio from a conservative mix of investments
17 to RAD securities, the wife, Client C, was aged 67 and the husband, Client D was aged
18 81 with ongoing health issues and increasing medical needs.

19 64. Nevertheless, Glick used his discretionary authority to invest the funds of
20 Clients C and D in a significant amount of RAD securities, with no regard for their risk
21 tolerance or their investment objectives.

22 65. APA estimated that the RAD investments that Glick made resulted in losses
23 of over \$122,000 by June 2017, a large percentage of the life savings of Clients C and D.

24 66. Glick also breached his fiduciary duty to Client E, who was Glick's client
25 in 2015 when Glick worked at his prior investment adviser firm.

26 67. At that time, Client E, a resident of Arizona, maintained approximately
27 \$280,000 in assets that were primarily invested in equity and fixed income mutual funds
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1 and Client E had no prior experience investing in stock options.

2 68. Client E followed Glick from his prior investment adviser firm to APA in
3 or about September 2015, when Client E was 55 years old. Client E had worked as a
4 public school teacher for 12 years followed by 17 years as a principal at several junior
5 high and high schools. Client E told Glick that he planned to retire within ten years and
6 Client E trusted Glick with \$280,000 worth of retirement assets, which represented
7 approximately 95% of Client E's liquid net worth.

8 69. From April 2016 through May 2017, Glick bought and sold RAD securities
9 in Client E's account. Glick invested approximately 65% of Client E's investment
10 portfolio in RAD stock and call options.

11 70. As a result of the RAD stock and options that Glick purchased, Client E
12 had losses of over \$59,000, including losses of over \$43,000 in Client E's IRA, largely
13 from the investment in RAD call options.

14 71. The investment of Client E's funds, including his IRA funds, in RAD
15 securities was not suitable for Client E given his preference for conservative investments.
16 Additionally, an over-concentration of one security, like RAD, meant that when RAD
17 stock declined, the entire portfolio of Client E was substantially affected.

18 72. As the merger with Walgreens failed to materialize, the price of RAD stock
19 dropped. For example, RAD stock was approximately \$8.00 in April, 2016 (around the
20 time when Glick started purchasing RAD in the Glick Clients' accounts) but plummeted
21 to less than \$5 by March 17, 2017.

22 73. On June 29, 2017, Walgreens announced it had terminated the deal to
23 acquire Rite Aid and would instead purchase roughly half of the Rite Aid stores, sending
24 RAD stock plummeting over 26% on that date, down to \$2.89 per share.

25 74. As the price of RAD securities dropped, the Glick Clients became
26 concerned as they noticed the value of their portfolio value declined.

27 75. However, Glick continued to mislead the Glick Clients by making
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1 misrepresentations about RAD securities and by greatly understating the risks of the
2 RAD investments.

3 76. For example, in early to mid-2017, Glick wrote in a text message to Client
4 B, who was “very nervous” about a loss of \$30,000 from RAD securities, that “It will
5 come back and more, and by July 31st at the latest.”

6 77. Glick misled other Glick Clients when he wrote in or around January 2017
7 to those concerned about the RAD stock price drop that “I wouldn’t worry,” or “we’re
8 never stuck.”

9 78. On June 29, 2017, Walgreens announced that it would not proceed with the
10 merger after failing to obtain approval and RAD stock price plunged further.

11 79. By the end of 2017, the Glick Clients had collectively incurred realized and
12 unrealized losses that totaled over \$1 million dollars by investing in RAD securities.

13 80. Glick failed to perform due diligence as necessary to provide the Glick
14 clients with a reasonable basis for recommending RAD securities and he failed to
15 disclose to them the risks of investing in RAD stock and options.

16 81. Glick violated his fiduciary duty when he invested the Glick Clients’ funds,
17 in some cases in large concentrations, in RAD securities and RAD stock options that he
18 knew, or was reckless in not knowing, or should have known, were not suitable or
19 appropriate for the clients he advised.

20 82. In January 2017, the CCO of APA began looking at Glick’s portfolio
21 performance and noticed that Glick had placed a majority of the Glick Clients, including
22 Client D, who was 81 years old, in extremely high risk, extremely low performing
23 investments, including RAD stock options.

24 83. The CCO of APA also noted that Glick was trading extremely risky put
25 options, which she recognized as having unlimited risk, in the Glick client accounts.

26 84. She also found that the Glick Clients had a very high concentration of RAD
27 securities in their portfolios.

1 85. The CCO and Chief Executive Officer (“CEO”) of APA had a meeting with
2 Glick on or about February 6, 2017 and told him to liquidate the RAD positions in his
3 client accounts, which Glick agreed to do.

4 86. However, when APA’s CCO followed up with Glick over the next few
5 months she discovered that he had not done so.

6 87. Additionally, in June 2017 APA’s CCO discovered that on or about May
7 16, 2017 – three months after Glick met with APA’s CEO and CCO and agreed to
8 liquidate the RAD securities in the Glick Client accounts – that, instead of liquidating the
9 RAD positions, Glick had actually purchased more RAD stock options in the accounts of
10 elderly Clients C and D.

11 88. APA’s CEO immediately terminated Glick from APA.

12 89. On or about June 15, 2017, APA filed a Uniform Termination Notice for
13 Security Industry Registration (or Form U5) with the Financial Industry Regulatory
14 Authority (“FINRA”), a private nongovernmental corporation that, among other things,
15 regulates registered brokers in the United States.

16 90. The U5 form filed by APA stated that Glick had been terminated for
17 “cause” and the reasons for his termination were the following: “[r]eckless disregard for
18 determining client suitability, failure to remedy client exposure to speculative positions
19 after compliance warnings, failure to comply with firm Policies and Procedures.”

20 **C. Glick Made Material Misrepresentations and Omissions In Connection**
21 **with a Private Placement Offering He Made to Two Advisory Clients**

22 91. In 2015, Glick formed IGA Capital in Arizona, and was its sole member.

23 92. Glick claimed to form IGA Capital for the purpose of raising capital that
24 would be used to finance real estate projects.

25 93. On or about October 15, 2015, Glick prepared a private placement
26 memoranda for IGA Capital.

27 94. The private placement memorandum refers to the investment being offered
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1 by IGA Capital as “securities.”

2 95. The IGA Capital private placement memorandum stated that “one
3 individual is actively involved in the management of the Company: Jacob Glick – CEO,
4 President, Secretary, and Treasurer.”

5 96. In or about April 2016, Glick solicited two of the Glick Clients to invest in
6 IGA Capital (“Clients F and G”). Glick had advised Clients F and G at his prior
7 investment adviser firm and they had followed Glick to APA.

8 97. Glick verbally represented to Clients F and G that their funds would be
9 used by IGA Capital to buy obligations of payment, ideally within the realm of real
10 estate, and the private placement memorandum stated IGA Capital was “in the business
11 of purchasing corporate debt & other obligations of payment.”

12 98. The private placement memorandum stated that Clients F and G would
13 receive promissory notes in exchange for their investment in IGA Capital.

14 99. The IGA Capital private placement memorandum stated that at least \$2.5
15 million in notes must be sold “before such proceeds will be released from the holding
16 account and utilized by the Company,” meaning that IGA Capital would not invest
17 proceeds from the investors in IGA Capital until at least \$2.5 million had been raised.

18 100. The IGA Capital private placement memorandum stated that the investment
19 had an annual return of 7.2%, paid quarterly.

20 101. On or about April 21, 2016, Clients F and G provided Glick with a check
21 made out to IGA Capital in the amount of \$250,000 and the memo line on the check
22 stated “Bond.”

23 102. Clients F and G, who resided in Arizona at the time of the investment,
24 received a Subscription Agreement from IGA Capital dated April 24, 2016 and signed by
25 Jacob Glick.

26 103. IGA Capital issued Clients F and G “two and a half” Promissory Notes in
27 exchange for their investment of \$250,000.

1 104. The IGA Capital private placement memorandum stated that “[t]he
2 Company has established an Investment Holding Account with BNY Mellon, into which
3 the minimum offering proceeds will be placed.” The IGA Capital private placement
4 memorandum also stated that the “Offering is being sold by the officers and directors of
5 the Company, who will not receive any compensation for their efforts.”

6 105. The IGA Capital private placement memorandum contained material false
7 representations.

8 106. First, IGA Capital and Glick never established an investment holding
9 account at BNY Mellon.

10 107. Although Glick did open an account in the name of IGA Capital at another
11 bank (not at BNY Mellon) and deposited the \$250,000 from Clients F and G into that
12 bank account, Glick subsequently transferred these investor funds into other financial
13 accounts that he controlled solely.

14 108. On April 27, 2016, Glick transferred the bulk of the investor funds,
15 approximately \$230,000 of the funds from Clients F and G, into various financial
16 accounts that he controlled, including into his IFG brokerage account, his personal
17 brokerage account and over \$180,000 into his personal bank account.

18 109. Second, although Glick and the IGA Capital private placement
19 memorandum represented to Clients F and G that IGA Capital would use their money to
20 invest in real estate financing and/or to purchase corporate debt, Glick did not use any of
21 their money as he represented he would.

22 110. For example, on or about June 1, 2016, Glick used approximately \$62,000
23 of the money from Clients F and G to make an unsecured loan of \$80,000 to a friend who
24 had substantial credit card debts.

25 111. Glick misused additional investor funds from Clients F and G when he used
26 their money to trade approximately \$47,000 in RAD securities in her personal brokerage
27 account – and lost all of it.

1 112. Third, although the IGA Capital private placement memorandum stated that
2 the “officers and directors of IGA Capital” (solely Glick) would “not receive any
3 compensation for their efforts,” Glick used approximately \$128,000 – over half of the
4 funds from Clients F and G – for his own personal use, including to pay his credit card
5 debt, to pay his tax bill, to pay his rent, to pay his insurance premiums and to make cash
6 withdrawals in excess of \$52,000.

7 113. Fourth, despite the representations in the IGA Capital private placement
8 memorandum that the investor funds would not be used until at least \$2.5 million was
9 raised, Glick and IGA Capital never raised any funds other than the \$250,000 from
10 Clients F and G and Glick immediately utilized their investment of \$250,000 (as outlined
11 above) without any additional investor funds ever being raised.

12 114. Glick breached his fiduciary duty when he moved the money invested by
13 Clients F and G among his personal bank and brokerage accounts.

14 115. Glick further breached his fiduciary duty to Clients F and G when he made
15 material misrepresentations to them during the offer and sale of the private placement
16 offering. Glick’s misrepresentations – about the safety of the investment, where the
17 funds would be held, how the investor funds would be used, and whether any investor
18 funds would be used to compensate the officers and directors of the company – would be
19 material to a reasonable client.

20 116. Glick continued to breach his fiduciary duty to Clients F and G when he
21 made additional material misrepresentations to them in order to cover up the losses from
22 their investment in IGA Capital and to hide his fraud from them.

23 117. Glick never disclosed to Clients F and G that he had misused and lost their
24 money.

25 118. In order to conceal that IFG and Glick had misused and/or misappropriated
26 their money, Glick lulled Clients F and G into believing their investment was a success
27 by continuing to pay Clients F and G their 7.2% return on their investment in the form of
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1 quarterly payments of \$4,500. Glick made these payments of \$4,500 each quarter for
2 over two years from the date of their investment.

3 119. In order to make these quarterly payments to Clients F and G, Glick even
4 used \$11,000 from the original principal of \$250,000 that Clients F and G invested in
5 IGA Capital to pay them these quarterly returns and to continue his deception.

6 120. Glick also hid his private placement from APA.

7 121. APA required Glick to disclose, in writing, any outside business activities,
8 such as a private placement offering.

9 122. However, Glick failed to disclose this private placement offering to APA,
10 even when the CCO of APA asked about his outside business activities just two months
11 after Clients F and G invested \$250,000 in IGA Capital.

12 123. When the CCO of APA, on or about May 31, 2016, asked Glick about the
13 source of funds in his IGA Capital brokerage account, Glick falsely told her that the
14 funds were “capital contributions to the corporate account from me,” rather than
15 disclosing that the funds actually came from Clients F and G.

16 124. On or about August 3, 2018, Glick repaid Clients F and G their principal
17 investment of \$250,000 using money that another one of the Glick Clients, Client A, had
18 invested with Glick, in a Ponzi-like fashion (as alleged below in further detail).

19 125. Without the money from Client A, Glick admits that he could not have paid
20 back the \$250,000 in principal owed to Clients F and G.

21 126. Glick never told Clients F and G that he lost and misused most of their
22 principal, or that he paid them at least \$11,000 of their quarterly interest payments using
23 their own funds or that Glick repaid them their principal investment of \$250,000 using
24 the money he received from another investor, Client A. This information would have
25 been material to a reasonable client because it affected, among other things, the safety of
26 the investment, where the funds would be held, and how the funds would be used.

27 127. Glick not only served as the investment adviser to Clients F and G while at
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1 his prior investment adviser firm and while at APA, but Glick also advised Clients F and
2 G to invest in his private placement offering. Additionally, Glick was compensated when
3 he used the majority of their funds for his own personal use. Glick thus acted as an
4 investment adviser in connection with the private placement offering invested in by
5 Clients F and G.

6 128. By failing to disclose this information to these clients, while acting as an
7 investment adviser, Glick breached his fiduciary duty when he intentionally made
8 fraudulent misrepresentations and material omissions to these advisory clients.

9 **D. After APA Terminated Him, Glick Continued to Advise an Elderly**
10 **Widowed Client, Misappropriated Funds from Her and Made**
11 **Unsuitable Investments for Her**

12 129. On or about November 3, 2017, over five months after Glick was
13 terminated by APA, Glick obtained a check from Client A in the amount of \$675,000
14 addressed to “IGA Holdings, LLC” with the notation “income stream” on the check.

15 130. IGA Holdings is a company formed by Glick in which Glick was the sole
16 member.

17 131. Glick told Client A that he would invest in a real estate venture that Glick
18 would identify and manage, and that Glick would initially repay Client A \$650,000 and
19 they would then split any remaining profits or returns between the two of them on an
20 equal basis.

21 132. On or about November 3, 2017, the same date written on the \$675,000
22 check from Client A, Glick opened a bank account in the name of IGA Holdings and
23 deposited the \$675,000 check into this new bank account.

24 133. However, on or about November 20, 2017, Glick moved approximately
25 \$35,000 of Client A’s money from the IGA Holdings bank account into an account in the
26 name of IGA Capital.

27 134. Less than two weeks later, on or about December 1, 2017, Glick wrote a
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1 check from the IGA Capital bank account made out to “Jacob Glick” in the amount of
2 \$10,000.

3 135. On or about December 27, 2017, Glick moved \$40,000 of the money from
4 Client A from the IGA Holdings bank account into the IGA Capital bank account.

5 136. On or about December 29, 2017, Glick withdrew \$30,000 in cash from the
6 IGA Capital bank account.

7 137. On or about February 6, 2018, Glick moved all of the remaining funds from
8 Client A’s investment – \$600,000 – from the IGA Holdings bank account and transferred
9 those funds into the bank account for IGA Capital. At or about the same time, Glick
10 closed the IGA Holdings bank account.

11 138. On or about February 7, 2018, Glick withdrew \$20,000 in cash from the
12 IGA Capital bank account, funds that had come from Client A.

13 139. Approximately six months later, on or about August 3, 2018, Glick used
14 \$250,000 of Client A’s money to repay Clients F and G their principal investment of
15 \$250,000 in the IGA Capital private placement offering by issuing a check to Clients F
16 and G in the amount of \$250,000 from the IGA Capital bank account that had been
17 funded with money from Client A’s money.

18 140. Glick continued to use some of Client A’s funds from her investment of
19 \$675,000 for his own personal use, including using approximately \$33,000 of the money
20 he received from Client A to pay his personal credit card bill and using over \$21,000 in
21 March 2018 to repay a personal loan Glick had taken previously taken out in order to
22 trade in RAD securities.

23 141. Glick used approximately \$292,497 of Client A’s \$675,000 investment to
24 make a down payment to purchase a commercial building located in Laurel, Mississippi.

25 142. Although Client A’s check was made out to IGA Holdings, Glick
26 purchased this commercial building in the name of Laurel MS, an entity Glick formed
27 with himself and Client A as the only members.
28

1 143. Glick lists himself as a 50% owner of Laurel MS even though he
2 contributed no capital to Laurel MS or to the purchase of the commercial building in
3 Laurel, Mississippi.

4 144. The investment of Client A's funds in this real estate investment with Glick
5 was a security in the form of an investment contract.

6 145. Client A's money was expected to be invested in a common enterprise, *i.e.*
7 the real estate investment.

8 146. Glick told Client A that he would manage the real estate investment and,
9 after Client A received \$650,000, Client A and Glick would share equally in the profits
10 with their fortunes tied together.

11 147. Glick's compensation – 50% of the profits after Client A received \$650,000
12 – was directly tied to the investment performance of Client A's funds.

13 148. Glick and his entities returned \$27,000 of Client A's principal to her in two
14 separate payments of \$13,500 made on or about February 9, 2018 and May 16, 2018, but
15 neither Glick nor his entities made any other payments to Client A, including any returns
16 on her investment.

17 149. Glick misappropriated the remaining \$355,503 of Client A's investment
18 that he has not returned or repaid to Client A and that was not invested in the commercial
19 real estate investment.

20 150. Glick knew, or was reckless in not knowing, or should have known, that his
21 misappropriation of funds from Client A and the long-term, unsuitable real estate
22 investment were not in the best interests of Client A, and he took steps to conceal it.

23 151. For example, after Client A suffered a stroke in March 2019 and
24 experienced some problems with her memory, Client A's brother (who had power of
25 attorney over Client A's affairs) met with Glick in person in April 2019 to find out about
26 Client A's financial holdings and monthly income as Client A now required long-term,
27 assisted living care at a facility.

1 152. At their meeting, Glick falsely told Client A's brother that he had stopped
2 advising Client A when he left APA in June 2017 and that he had no knowledge about
3 Client A's assets or investments.

4 153. Glick did not tell Client A's brother about her investment in IGA Holdings
5 or about Laurel MS, the company Glick formed with Client A as a member, or about the
6 \$675,000 check Glick had received from Client A or about the commercial real estate
7 investment Glick made using Client A's money.

8 154. On information and belief, on the dates set forth below, Glick accessed
9 Client A's online brokerage account, sold the securities in her brokerage account and
10 transferred the proceeds to her checking account in order to fund the \$675,000 check
11 made out to Glick's company, IGA Holdings.

12 155. As of October 1, 2017, the combined balance of Client A's checking and
13 savings account was less than \$110,000.

14 156. Without the sale of Client A's securities in her brokerage account and the
15 transfer of the proceeds from those sales to her checking account, there would not have
16 been sufficient funds to fund the check for \$675,000 made out to Glick's company, IGA
17 Holdings.

18 157. On two separate days, October 9 and October 24, 2017, all of the securities
19 in Client A's brokerage account were sold online, including RAD call options that were
20 sold at a loss of over \$126,000.

21 158. Later on October 24, 2017, \$78,428 in RAD put options were purchased in
22 Client A's brokerage account using the online platform.

23 159. Client A was not adept at using a computer and family members said she
24 did not know how to trade securities online, did not understand stock options and
25 managed her financial accounts and investments conservatively.

26 160. Client A often relied on Glick when she needed help with her computer
27 and, at least as of September 2018, Glick accessed Client A's brokerage account online in
28

1 order to provide Client A's tax preparer with Client A's brokerage statements.

2 161. On at least two separate occasions (on or about October 26, 2017 and
3 October 27, 2017), some of the proceeds from the sale of Client A's securities were
4 transferred into her checking account and were used to fund the investment in IGA
5 Holdings.

6 162. On these two occasions (on or about October 26, 2017 and on or about
7 October 27, 2017), the online transfers in Client A's accounts took place using the
8 internet service provider at Glick's residence.

9 163. Glick admits that Client A has never been to his residence.

10 164. Additionally, on at least four occasions between October 26, 2017 and
11 October 30, 2017, someone accessed Client A's brokerage account online using a
12 smartphone that was the same model that Glick owned.

13 165. Client A never owned a smart phone.

14 166. On at least one of those occasions, a transfer of \$100,000 was made from
15 Client A's brokerage account to her checking account using this smartphone model.

16 167. On six different occasions, beginning on or about October 25, 2017 through
17 November 1, 2017, a combined total of \$600,000 from the proceeds of the sale of Client
18 A's securities (along with the cash in her brokerage account) was transferred from Client
19 A's brokerage account to her checking account using the brokerage firm's online
20 platform.

21 168. Glick breached his fiduciary duty to Client A when he recommended that
22 she invest in an illiquid, extremely long-term real estate investment that was not suitable
23 for a widow in her 70s and when he misappropriated the remainder of Client A's
24 investment funds.

25 169. Glick represented to Client A that she would receive \$650,000 from the real
26 estate investment and she and Glick would then split the remaining profits equally.

27 170. However, given the nature of this real estate investment it is highly unlikely
28

1 that Client A will ever see a return of her \$675,000 principal investment during her
2 lifetime, let alone any profits, as the real estate investment is in the early stages and
3 operated at a net loss of over \$3,600 for 2018.

4 171. According to her brother, Client A's investment of \$675,000 with Glick
5 represented approximately one third of Client A's assets, including her home.

6 172. Given Client A's assets, income and age, she has no way to make up for the
7 losses she incurred as a result of Glick's unsuitable trading and recommendations and his
8 misappropriation of over \$300,000 of Client A's funds.

9 173. When Client A moved her account from Glick's prior investment adviser
10 firm and followed Glick to APA, Client A's portfolio was diversified and invested in
11 largely conservative securities.

12 174. As of September 30, 2015, Client A had a brokerage account balance of
13 over \$721,000.

14 175. Following the losses from Glick's trading in RAD stock options, the
15 investment in Mississippi commercial real estate that Glick made with her funds and the
16 \$300,000 that Glick misappropriated for his own use, including to pay his private
17 placement clients (Clients F and G) and to pay his personal card debts, Client A's
18 brokerage account was left with less than three dollars as of DATE.

19 176. Because Glick continued to provide investment advice to Client A after he
20 was terminated by APA and because he was compensated as a result when he
21 misappropriated over \$300,000 from Client A, Glick acted as an investment adviser in
22 connection with the above transactions involving Client A.

23 **E. Glick Acted With Scienter and Failed to Exercise Reasonable Care**
24 **When Advising Clients**

25 As an investment adviser, Glick owed the Glick Clients a fiduciary duty, and was
26 prohibited from making untrue statements of material fact or from omitting to state
27 material facts necessary to make his statements not misleading, employing any device
28

1 scheme or artifice to defraud, and engaging in any transaction, practice or course of
2 business which operated as a fraud or deceit upon any client.

3 177. Glick acted knowingly, recklessly and failed to exercise reasonable care
4 when he:

5 (a) recommended the Glick Clients invest in unsuitable, higher-risk
6 RAD stock and options;

7 (b) recommended the Glick Clients divest from the more conservative
8 investments they owned and invest the proceeds from the sale of these conservative
9 investments in higher-risk RAD stock and options;

10 (c) recommended the Glick Clients move from a balanced and mixed
11 portfolio containing many different securities to a portfolio with a high concentration of
12 RAD securities;

13 (d) made misrepresentations and failed to disclose information to the
14 Glick Clients regarding the potential risks, returns and value of RAD securities;

15 (e) recommended Clients F and G to invest in his private placement
16 while making misrepresentations and failing to disclose information to these clients
17 regarding the potential risks, returns and value of the private placement;

18 (f) misrepresented how the proceeds of the investment by Clients F and
19 G in the private placement would be used and failed to disclose that the source of funds
20 used to pay quarterly interest to Clients F and G was not a return from their investment,
21 but sometimes the same money from Clients F and G, which gave Clients F and G the
22 impression that the private placement was successful and was earning money;

23 (g) failed to disclose to Clients F and G that Glick repaid them their
24 \$250,000 principal investment in the private placement by using funds from another
25 client, Client A, an elderly widow, in a Ponzi-like fashion;

26 (h) recommended to Client A that she invest in an illiquid and very
27 long-term real estate investment that was not suitable for Client A, an elderly widow;

1 (i) directed the transfer of Client A's online brokerage account funds
2 into Client A's checking account using his home internet service and smart phone in
3 order to fund the illiquid and very long-term real estate investment that personally
4 benefitted Glick;

5 (j) made misrepresentations and omissions in connection with the real
6 estate investment Glick recommended to Client A; and

7 (k) used over \$300,000 of the funds Client A invested in the real estate
8 investment for his own personal use, including to pay his credit card bills and rent.

9 **F. Glick's Misrepresentations, Omissions and Fraudulent Conduct Were**
10 **Material to Clients**

11 178. Glick's fraudulent acts were material because, among other things, they
12 affected the safety and security of the Glick Clients' funds, how the funds were used, and
13 the promised returns.

14 179. A reasonable advisory client would have considered it important to know
15 that Glick was:

16 (a) recommending the Glick Clients invest in unsuitable, higher-risk
17 RAD stock and options;

18 (b) recommending the Glick Clients divest from the more conservative
19 investments they owned and invest the proceeds from the sale of these conservative
20 investments in higher-risk RAD stock and options;

21 (c) recommending the Glick Clients move from a balanced and mixed
22 portfolio containing many different securities to a portfolio with a high concentration of
23 RAD securities;

24 (d) making misrepresentations and failing to disclose information to the
25 Glick Clients regarding the potential risks, returns and value of RAD securities;

26 (e) recommending Clients F and G invest in his private placement while
27 making misrepresentations and failing to disclose information to them regarding the
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1 potential risks, returns and value of the private placement;

2 (f) misrepresenting how the proceeds of the investment by Clients F and
3 G in the private placement would be used and failing to disclose that the source of funds
4 used to pay quarterly interest to Clients F and G was not a return from their investment,
5 but sometimes the same money from Clients F and G, which gave Clients F and G the
6 impression that the private placement was successful and was earning money;

7 (g) failing to disclose to Clients F and G that Glick repaid them their
8 \$250,000 principal investment in the private placement by using funds from another one
9 of the Glick Clients, Client A, an elderly widow, in a Ponzi-like fashion;

10 (h) recommending to Client A that she invest in an illiquid and very
11 long-term real estate investment that was not suitable for Client A, an elderly widow;

12 (i) directing the transfer of Client A's online brokerage account funds
13 into Client A's checking account using his home internet service and smart phone in
14 order to fund the illiquid and very long-term real estate investment that personally
15 benefitted Glick;

16 (j) making misrepresentations and omissions in connection with the real
17 estate investment Glick recommended to Client A; and

18 (k) using over \$300,000 of the funds Client A invested in the real estate
19 investment for his own personal use, including to pay his credit card bills and rent.

20 **G. Glick Failed to Retain Client Communications As Required by Law**

21 180. As an SEC- registered investment adviser during the relevant time period,
22 APA was required to make and keep books and records related to its advisory business.

23 181. Under Advisers Act Section 204(a) and Rule 204-2(a)(7) thereunder, APA
24 was required to retain "[o]riginals of all written communications received and copies of
25 all written communications sent by such investment adviser relating to: (i) Any
26 recommendation made or proposed to be made and any advice given or proposed to be
27 given; (ii) Any receipt, disbursement or delivery of funds or securities; and (iii) The
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1 placing or execution of any order to purchase or sell any security.”

2 182. During the relevant period, APA required all supervised persons to use its
3 electronic recordkeeping system, and prohibited them from using personal e-mail
4 accounts to communicate with clients.

5 183. APA’s compliance manual stated that “all communications with clients or
6 prospects must be sent through APA’s approved systems and devices.”

7 184. Glick was a supervised person at APA during the relevant period of time.

8 185. APA required all supervised persons to acknowledge that they had received
9 and reviewed APA’s compliance manual on an annual basis.

10 186. Glick signed and acknowledged that he received the APA compliance
11 policies regarding the retention of client communications when he joined APA and on an
12 annual basis thereafter.

13 187. Glick knew, or was reckless in not knowing, that as an IAR of APA, he was
14 required to retain client communications, including communications about his
15 recommendations and advice.

16 188. Additionally, Glick was aware, based on the APA compliance policies that
17 were provided to him, that APA required him to maintain client records, including his
18 communications with clients. Nevertheless, Glick circumvented the APA email system
19 and used his own personal cell phone to exchange text messages with the APA clients he
20 advised, knowingly bypassing APA’s recordkeeping systems.

21 189. Glick not only failed to retain the client communications he had via text
22 message while using his personal phone during his time at APA, but Glick admits that he
23 sold his cell phone in the first half of 2018 and did not back up or otherwise retain any of
24 his communications with the Glick Clients before selling his phone. Thus, these
25 communications Glick had with the Glick Clients can never be recovered.

26 190. As a result of Glick’s conduct, APA failed to retain required documents,
27 including client communications, when Glick circumvented the APA email system and
28

1 used his personal cell phone to correspond with clients by text message outside the APA
2 system.

3 191. For example, on or about April 11, 2017, Glick sent a text message using
4 his personal cell phone to Client B stating that he “kn[e]w the concern” regarding a
5 particular security, but that “it’s just volatility while we wait for this merger to go
6 through,” and that Glick expected the price to “march higher from here.” Although
7 required to retain such a communication, Glick no longer has a copy of this
8 communication with Client B and, as a result, APA also did not retain a copy. However,
9 Client B retained a copy of this message and some additional messages he exchanged
10 with Glick.

11 192. As another example, when Client B expressed his concern to Glick about
12 approximately “30k” in losses due to RAD, Glick sent text messages from his personal
13 cell phone to Client B stating that “it’ll come back and more by July 31st at the latest,”
14 blaming “manipulation” for some of the losses, noting that “it’s sickening and the
15 volatility is gut wrenching to watch, but at \$6.50 - \$7/share its worth it.” Glick also sent
16 a message to Client B stating that the “extreme volatility” is a “necessary evil in
17 generating a positive return...”

18 193. Although Client B retained these text messages with Glick, Glick no longer
19 has a copy of this communication with Client B, although Glick was required by law and
20 by APA’s compliance policies to retain such a communication. As a result, APA also did
21 not retain a copy.

22 194. During all relevant times, Glick acted with scienter.

23 195. By being aware and acknowledging the retention requirements, Glick
24 knowingly or recklessly provided substantial assistance to APA in its violations of
25 Advisers Act Section 204(a) and Rule 204-2 thereunder.
26
27
28

1 **FIRST CLAIM FOR RELIEF**

2 **Fraud on Investment Adviser’s Clients (Knowing or Reckless)**

3 **Violation of Section 206(1) of the Advisors Act**

4 196. Plaintiff SEC repeats and incorporates by reference the allegations in
5 paragraphs 1 through 195 above as if set forth fully herein.

6 197. At all relevant times, Glick was an “investment adviser” within the
7 meaning of Section 202(a)(11) of the Advisors Act [15 U.S.C. §80b-2(a)(11)]. Glick
8 received compensation in the form of money from the Glick Clients as compensation for
9 investment advice, and at all relevant times, Glick was in the business of providing
10 investment advice concerning securities, for compensation. Glick was also an
11 “investment adviser” by virtue of his ownership, management, and control of IFG.

12 198. Glick, by use of the mails or means or instrumentalities of interstate
13 commerce, directly or indirectly, while acting as an investment adviser, knowingly or
14 recklessly employed devices, schemes, or artifices to defraud clients and prospective
15 clients by engaging in the conduct described below, including, but not limited to, the
16 following:

17 (a) recommending that the Glick Clients invest in unsuitable, high-risk
18 RAD stock and options;

19 (b) recommending the Glick Clients divest from the more conservative
20 investments they owned and invest the proceeds from the sale of these conservative
21 investments in RAD;

22 (c) recommending the Glick Clients move from a balanced and mixed
23 portfolio containing many different securities to a portfolio with a high concentration of
24 RAD securities;

25 (d) making material misrepresentations and failing to disclose material
26 information to the Glick Clients regarding the potential risks, returns and value of RAD
27 securities;

1 (e) recommending Clients F and G invest in his private placement while
2 making material misrepresentations and failing to disclose material information to these
3 clients regarding the potential risks, returns and value of the private placement;

4 (f) misrepresenting how the proceeds of the investment by Clients F and
5 G in the private placement would be used and failing to disclose that the source of funds
6 used to pay quarterly interest to Clients F and G was not a return from their investment,
7 but instead Glick sometimes used the money from Clients F and G to pay them their
8 interest payment, which gave Clients F and G the impression that the private placement
9 was successful and was earning money;

10 (g) failing to disclose to Clients F and G that Glick repaid them their
11 \$250,000 principal investment in the private placement by using funds from another
12 client, Client A, an elderly widow, in a Ponzi-like fashion;

13 (h) recommending to Client A that she invest in an illiquid and very
14 long-term real estate investment that was not suitable for Client A, an elderly widow;

15 (i) directing the transfer of Client A's online brokerage account funds
16 into Client A's checking account using his home internet service and smart phone in
17 order to fund the illiquid and very long-term real estate investment that personally
18 benefitted Glick;

19 (j) making material misrepresentations and omissions in connection
20 with the real estate investment Glick recommended to Client A; and

21 (k) misappropriating over \$300,000 of the funds Client A invested in the
22 real estate investment and using those funds for his own personal use, including to pay
23 his credit card bills and rent.

24 199. Glick, by use of the mails or any means or instrumentality of interstate
25 commerce, directly or indirectly, acting intentionally, knowingly or recklessly has
26 employed or is employing devices, schemes, or artifices to defraud a client or prospective
27 client.
28

1 information to the Glick Clients regarding the potential risks, returns and value of RAD
2 securities;

3 (e) recommending Clients F and G invest in his private placement while
4 making material misrepresentations and failing to disclose material information to these
5 clients regarding the potential risks, returns and value of the private placement;

6 (f) misrepresenting how the proceeds of the investment by Clients F and
7 G in the private placement would be used and failing to disclose that the source of funds
8 used to pay quarterly interest to Clients F and G was not a return from their investment,
9 but instead Glick sometimes used the money from Clients F and G to pay them their
10 interest payment, which gave Clients F and G the impression that the private placement
11 was successful and was earning money;

12 (g) failing to disclose to Clients F and G that Glick repaid them their
13 \$250,000 principal investment in the private placement by using funds from another
14 client, Client A, an elderly widow, in a Ponzi-like fashion;

15 (h) recommending to Client A that she invest in an illiquid and very
16 long-term real estate investment that was not suitable for Client A, an elderly widow;

17 (i) directing the transfer of Client A's online brokerage account funds
18 into Client A's checking account using his home internet service and smart phone in
19 order to fund the illiquid and very long-term real estate investment that personally
20 benefitted Glick;

21 (j) making material misrepresentations and omissions in connection
22 with the real estate investment Glick recommended to Client A; and

23 (k) misappropriating over \$300,000 of the funds Client A invested in the
24 real estate investment and using those funds for his own personal use, including to pay
25 his credit card bills and rent.

26 204. As a result, Glick has violated and, unless enjoined, will continue to violate
27 Section 206(2) of the Advisers Act [15 U.S.C. §80b-6(2)].
28

THIRD 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(b)

205. Plaintiff SEC repeats and incorporates by reference the allegations in paragraphs 1 through 195 above as if set forth fully herein.

206. Glick made several material misrepresentations, and omitted material information, to Client A concerning how her funds were used, that her funds would be used to pay back other advisory clients and to pay Glick's personal debts instead of using those funds to solely invest in real estate.

207. Glick also made material misrepresentations to Client A when he told her she would receive \$650,000 from the real estate investment, as well as 50% of all profits after the return of \$650,000, when Glick knew, or was reckless in not knowing, that a long-term investment in commercial real estate would be unlikely to produce a return of \$650,000, or additional profits, during Client A's lifetime.

208. Defendant Glick made material misstatements to Client A personally, and on behalf of IGA Holdings and Laurel MS as he was the sole manager and/or owner of these entities. As the manager and only one in control of IGA Holdings and Laurel MS, Glick was the maker of any statements by these entities.

209. Defendant Glick, directly or indirectly, in connection with the purchase or sale of securities and by the use of the means or instrumentalities of interstate commerce or of the mails, or of the facilities of a national securities exchange, with scienter, has:

(a) made untrue statements of material fact or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which they were made, not misleading; and/or

210. While engaged in the conduct described above, Defendant Glick acted knowingly and/or recklessly.

211. By engaging in the conduct described above, Defendant Glick has violated,

1 and unless enjoined, will again violate Section 10(b) of the Exchange Act [15. U.S.C. §
2 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

3 **FOURTH CLAIM FOR RELIEF**

4 **Fraud In Connection With the Purchase or Sale of Securities**

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

6 212. Plaintiff SEC repeats and incorporates by reference the allegations in
7 paragraphs 1 through 195 above as if set forth fully herein.

8 213. In addition to making misrepresentations to Client A about the suitability of
9 her real estate investment, the safety of the investment and how her funds would be used,
10 Glick also engaged in a scheme to defraud Client A, including, but not limited to, when
11 he engaged in the following:

12 (a) directing the transfer of Client A's online brokerage account funds
13 into Client A's checking account using his home internet service and smart phone in
14 order to fund the illiquid and very long-term real estate investment that personally
15 benefitted Glick;

16 (b) moving Client A's \$675,000 investment in IGA Holdings from the
17 IGA Holdings bank account into the IGA Capital bank account;

18 (c) using \$250,000 of Client A's funds to repay Clients F and G their
19 principal investment in IGA Capital, in a Ponzi-like fashion;

20 (d) misappropriating Client A's funds, including using over \$100,000 of
21 Client A's investment funds for Glick's own personal use, including to pay his credit card
22 bills and other personal debts;

23 (e) falsely claiming to Client A's family, including the brother of Client
24 A, that he no longer advised Client A after being terminated by APA, despite the fact that
25 Glick did continue to advise Client A after he was terminated by Client A; and

26 (f) concealing Client A's investment of \$675,000 in IGA Holdings and
27 her real estate investment from Client A's family, including the brother of Client A, after
28

1 Client A suffered a stroke that impaired her memory.

2 214. By engaging in the conduct above, Defendant Glick, directly or indirectly,
3 in connection with the purchase or sale of securities and by the use of the means or
4 instrumentalities of interstate commerce or of the mails, or of the facilities of a national
5 securities exchange, has:

6 (a) employed devices, schemes, or artifices to defraud; and/or

7 (b) engaged in acts, transactions, practices, or courses of business which
8 operated or would operate as a fraud or deceit upon other persons.

9 215. Defendant, with scienter, employed devices, schemes and artifices to
10 defraud; and engaged in acts, practices or courses of conduct that operated as a fraud on
11 the investing public by the conduct described in detail above.

12 216. By engaging in the conduct described above, Defendant Glick has violated,
13 and unless enjoined, will again violate Section 10(b) of the Exchange Act [15. U.S.C. §
14 78j(b)] and Rule 10b-5(a) and 10b-5(c) thereunder [17 C.F.R. § 240.10b-5(a) & 240.10b-
15 5(c)].

16 **FIFTH CLAIM FOR RELIEF**

17 **Aiding and Abetting Fraud by an Investment Adviser**

18 **Violations of Sections 204 of the Advisers Act and Rule 204-2(a)(7)**

19 **Thereunder**

20 217. Plaintiff SEC repeats and incorporates by reference the allegations in
21 paragraphs 1 through 195 above as if set forth fully herein.

22 218. Through the acts of APA and Defendant Glick alleged above, APA violated
23 Section 204 of the Advisers Act, 15 U.S.C. § 80b-4, and Rule 204-2(a)(7) thereunder, 17
24 C.F.R. § 275.204-2. Specifically, APA, as a registered investment adviser, failed to make
25 and keep certain books and records related to their advisory business, including, but not
26 limited to Defendant Glick's communications with APA clients relating to: (i) any
27 recommendation made or proposed to be made and any advice given or proposed to be
28

1 given; (ii) any receipt, disbursement or delivery of funds or securities; and (iii) The
2 placing or execution of any order to purchase or sell any security.

3 219. Glick knowingly provided substantial assistance to APA's violation of
4 Section 204 of the Advisers Act, 15 U.S.C. § 80b-4, and Rule 204-2 thereunder, 17
5 C.F.R. § 275.204-2. Specifically, Glick, as being associated with APA, knowingly
6 communicated via text message on his personal smartphone with APA clients regarding:
7 (i) recommendations made or proposed to be made and advice given or proposed to be
8 given; (ii) receipt, disbursement or delivery of funds or securities; and/or (iii) the placing
9 or execution of any order to purchase or sell any security, and did not retain these
10 communications.

11 220. By engaging in the conduct described above and pursuant to Section 209(d)
12 of the Advisers Act, 15 U.S.C. § 80b-9(d), Defendant Glick aided and abetted APA's
13 violations, and unless enjoined, will continue to violate, Sections 204 of the Advisers
14 Act, 15 U.S.C. § 80b-4, and Rule 204-2 thereunder, 17 C.F.R. § 275.204-2.

15 **PRAYER FOR RELIEF**

16 WHEREFORE, the Commission respectfully requests that this Court:

17 **I.**

18 Issue findings of fact and conclusions of law that Defendant Glick committed the
19 alleged violations.

20 **II.**

21 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil
22 Procedures, permanently enjoining the Defendant, and his agents, servants, employees
23 and attorneys, and those persons in active concert or participation with any of them, who
24 receive actual notice of the judgment by personal service or otherwise, and each of them,
25 from violating Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1),
26 and 80b-6(2)], Section 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5
27 thereunder [17 C.F.R. § 240.10b-5], and from aiding and abetting violations of Section
28

1 204 of the Advisers Act, 15 U.S.C. § 80b-4, and Rule 204-2 thereunder, 17 C.F.R.
2 § 275.204-2.;

3 **III.**

4 Order the Defendant to disgorge all funds received from his illegal conduct,
5 together with prejudgment interest thereon.

6 **IV.**

7 Order the Defendant to pay civil monetary penalties pursuant to Section 21(d)(3)
8 of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Section 209(e)(1) of the Advisers Act
9 [15 U.S.C. § 80b-9(e)(1)].

10 **V.**

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

15 **VI.**

16 Grant such other and further relief as the Court may determine to be just and
17 necessary.

18 Dated this 15th day of January, 2021

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21 */s/ Teri M. Melson*

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Teri M. Melson
23 Attorney for Plaintiff
24 Securities and Exchange Commission
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