

friend (Nordlund's "Friend"). Nordlund then instructed his Friend to place limit orders to buy Affinity Gold stock, typically at prices above the then-quoted price for the stock. Based on these instructions, Nordlund's Friend purchased Affinity Gold stock more than 100 times between August and December 2020, typically in small quantities.

3. During this period, the Friend's orders often set the high price for the day, were above the day's opening prices, and were above prices being paid by other traders on the day. Toward the end of the month, when Nordlund would report account balances to the Fund's investors, the Friend's orders increased in frequency and size. As a result of these manipulative orders, the price of Affinity Gold stock jumped significantly on the last trading day in September, October and November 2020.

4. As Nordlund knew, his manipulation of Affinity Gold stock had the effect of artificially inflating the value of the stock and, in turn, the net asset value of the Fund and the value of each investor's share of the Fund. Nordlund then reported these inflated account balances to his investors in emails Nordlund sent to the investors reporting the value of their personal investments in the Fund. These reports did not disclose that the value of the Fund's holdings of Affinity Gold stock were inflated or Nordlund's role in manipulating the value of the stock. In addition to including the inflated performance values in monthly emails to existing investors, Nordlund referenced the inflated performance values in statements to prospective investors. Given that Affinity Gold accounted for approximately 20% of the Fund's

holdings, information about its inflated value and the consequent effect on the Fund's value, was important to investors.

5. Nordlund's manipulation of Affinity Gold stock and the resulting impact on the value of the Fund harmed investors in several ways. First, Nordlund used the inflated value of the Fund when soliciting new investments, without disclosing to these prospective investors his involvement in manipulating the price of Affinity Gold stock. Second, and relatedly, new investors in the Fund during this period paid higher prices due to the inflated value of the Fund. Third, because Nordlund's compensation was based on the Fund's value, he received greater value than he was entitled to receive to the detriment of the Fund and other investors.

6. Based on the conduct above, Nordlund engaged in a fraudulent scheme to manipulate the price of Affinity Gold stock and artificially inflate the value of the Fund, and also made false statements and misleading omissions to existing and prospective Fund investors about the impact of his manipulation on the Fund's value in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. 240.10b-5, and Section 206 of the Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. § 78(p)(a) and Rule 206(4)-8 thereunder, 17 CFR § 275.206(4)-8.

7. Unless Defendant Nordlund is permanently restrained and enjoined, he will continue to engage in the acts, practices, and courses of business set forth in this Complaint, and in acts, practices and courses of business of similar type and object.

JURISDICTION AND VENUE

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

9. This Court has jurisdiction over this action under 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, and 28 U.S.C. § 1331.

10. Venue is proper in this Court 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(a) of the Advisers Act. The Defendant is an inhabitant of, is found in, and transacts business in the District of Minnesota, and many of the acts and transactions constituting the violations alleged in this Complaint occurred within the District of Minnesota.

11. Defendant Nordlund directly and indirectly made use of the means or instruments of transportation or communication in interstate commerce, or the means and instrumentalities of interstate commerce, or of the mails, or of any facility of any national securities exchange in connection with the acts, practices, and courses of business alleged herein.

DEFENDANT

12. **Jason Nordlund**, age 44, lives in Minneapolis, Minnesota and is the CEO and principal of several investment related companies, including Norstar Capital LLC (“Norstar Management”) and the Fund. From September 2017 to February 2021, Nordlund was a member of Affinity Gold’s board of directors and served as its investor relations manager. He owned, and still owns, a significant number of shares of Affinity Gold stock.

RELATED ENTITIES

13. **The Fund** is an open-ended, multi-member private investment fund based in Minneapolis, Minnesota. The Fund is managed by Norstar Management, a Minnesota limited liability company, formerly known as Norstar Wealth Management LLC, which is owned and controlled by Nordlund. The Fund invests in a variety of investments selected by Nordlund, including stocks, private placements, and precious metals. During the relevant period, the Fund had approximately 45 investors and approximately \$800,000 in assets.

14. **Affinity Gold** is a Nevada corporation, headquartered in Maple Grove, Minnesota. Affinity Gold was formed in 2007 and purports to be a metal and mineral mining company. It is a penny stock company and its common stock was quoted on OTC Link until September 2021 and traded under the ticker “AFYG.” Affinity Gold has never had a class of securities registered under the Exchange Act. Beginning in 2007 Affinity Gold became obligated to file reports pursuant to

Exchange Act Section 15(d), but that duty to file is currently suspended due to a very small number of holders of record. Affinity Gold's website has not been updated since 2014.

FACTS

15. Defendant Nordlund is an entrepreneur and investor. Defendant Nordlund created the Fund in approximately July 2020 after receiving requests from his friends and family for help with their investments.

16. The Fund was managed by Norstar Management, Nordlund's entity, and Nordlund made all investment decisions for the Fund.

17. During the relevant time, the Fund had approximately 45 investors and assets of approximately \$800,000.

18. Norstar Management and, in turn, Nordlund, received compensation for managing the Fund by collecting a fee when investors redeemed their shares of the Fund, equal to 50% of the value in excess of the investor's capital contribution, rather than charging a periodic fee based on the Fund's assets.

19. Because the Fund was "open-ended," Nordlund was permitted to, and occasionally did, solicit new investors to purchase interests in the Fund. New shares in the Fund were sold at a price based on the net asset value of the Fund divided by the number of outstanding shares in the Fund.

Nordlund Purchased Affinity Gold Stock for the Fund

20. One of the first investments Nordlund made on the Fund's behalf was in the stock of Affinity Gold. Between approximately July and August 2020,

Nordlund caused the Fund to purchase more than 4.1 million shares of Affinity Gold. At all relevant times, Affinity Gold represented, on average, 20% of the Fund's holdings and was one of its largest investments.

21. Affinity Gold's stock was thinly traded during the relevant period. The average daily volume of trading in Affinity Gold during the first half of 2020 was approximately 26,917 shares traded per day. Nordlund was aware of this fact at the time he purchased Affinity Gold stock for the Fund.

22. The low volume of trading in Affinity Gold stock resulted in a large spread between the bid price and the ask price for Affinity Gold stock, which in turn led to volatility in the stock price.

23. In or around August 2020, Nordlund became aware that the volatility in the price of Affinity Gold stock was causing the net asset value of the Fund to fluctuate significantly.

24. Nordlund, who tracked the Fund's performance on a weekly basis, became "uncomfortable that [the stock price of Affinity Gold] had the ability to . . . draw . . . down significantly" the value of the Fund.

Nordlund's Strategy to Manipulate the Price of Affinity Gold Stock

25. To prevent fluctuations in the Fund's value, Nordlund implemented a coordinated but undisclosed trading strategy to "stabilize the price" of Affinity Gold stock.

26. In or around August 2020, Nordlund asked his Friend to help "stabilize that price and just keep it consistent with where the majority of the trading was

occurring.” Nordlund then transferred \$20,000 from the Fund to a bank account that his Friend could access.

27. When Nordlund wanted his Friend to purchase stock, he would contact the Friend and ask him to place a limit order for Affinity Gold stock. Nordlund’s Friend would then enter the orders in a personal brokerage account held in the Friend’s name.

28. Nordlund’s Friend typically purchased relatively small quantities of Affinity Gold stock using limit orders set above the price at which Affinity Gold stock was trading at the time. Between August and December 2020, Nordlund’s Friend purchased Affinity Gold stock more than 100 times.

29. The orders Nordlund’s Friend placed on Nordlund’s behalf often set the high price for Affinity Gold stock on the particular trading day. The orders were frequently set higher than the opening price of Affinity Gold stock and at high prices despite concurrent trading by other traders at lower prices.

30. Nordlund’s Friend’s stock purchases increased in frequency and size at the end of each month. Consequently, the price of Affinity Gold stock increased significantly on the last trading day in September, October and November 2020.

Nordlund Reported Inflated Performance Values to New and Existing Investors

31. Nordlund’s month-end marking the close of Affinity Gold stock inflated the value of the Fund’s position in Affinity Gold between 13% and 99% on the last day of the month in September, October and November 2020. Because Affinity Gold stock was one of the Fund’s largest holdings, Nordlund’s month-end marking the

close impacted the Fund's monthly performance by artificially propping up the Fund's value.

32. Nordlund knew that his marking of the close artificially inflated the price of Affinity Gold's stock and, in turn, the value of the Fund.

33. Each month, Nordlund provided Fund investors with an email reflecting the balance of their portion of the Fund's equity. Nordlund also drafted and distributed to investors monthly newsletters summarizing the Fund's performance in the previous month.

34. In emails Nordlund sent to Fund investors, Nordlund did not disclose that the monthly performance figures were inflated by his manipulation of the price of Affinity Gold stock.

35. After manipulating the stock and inflating the Fund's value, Nordlund continued to sell shares of the Fund to investors.

36. Nordlund occasionally provided these prospective investors with monthly performance figures to demonstrate his success and solicit new investments. Nordlund did not disclose to these prospective investors that the Fund's performance figures were artificially inflated as a result of his manipulation of Affinity Gold stock.

37. For example, On September 1, 2020, Nordlund forwarded one prospective investor an email Nordlund had sent to an existing investor showing a balance of \$130,196. Nordlund wrote that the existing investor had "started with exactly \$39.5k 12 weeks ago." Less than a month after receiving this email, the prospective investor invested \$7,000 in the Fund.

38. Given that Affinity Gold represented approximately 20% of the Fund's portfolio, information about Nordlund's manipulation of the stock price and the resulting impact on the Fund's net asset value, would have been important to investors.

39. In addition, when Nordlund sold shares of the Fund to these new investors, the purchase price was based on the net asset value of the Fund divided by all outstanding shares. Because the value of the Fund was inflated as a result of the manipulation of Affinity Gold stock, the shares of the Fund sold at this time were also inflated in value.

40. At the time he sold shares to new investors, Nordlund knew that the value of the Fund, and thus the price of the new shares in the Fund, had been inflated by his manipulation of Affinity Gold stock.

41. These investors would have considered it important to know that they were paying a higher price for their interests in the Fund as a result of Nordlund's manipulation of the price of Affinity Gold stock.

42. Similarly, as alleged in Paragraph 18, Nordlund's compensation was based on the value of the Fund. In other words, any increase in the value of the Fund had the effect of increasing Nordlund's compensation.

43. By inflating the value of the Fund, Nordlund, and the investors who redeemed profits at this time, received greater value than they were entitled to receive, to the detriment of the Fund and other investors.

COUNT I

Violations of Section 17(a) of the Securities Act

44. Paragraphs 1 through 43 are realleged and incorporated by reference as though fully set forth herein.

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

46. Defendant Nordlund obtained money or property by means of the scheme and the misrepresentations in the form of investments he obtained on behalf of the Fund and compensation he collected from the Fund.

47. Defendant Nordlund acted knowingly, or with extreme recklessness, in engaging in the scheme and the misrepresentations described above.

48. Defendant Nordlund also acted negligently in engaging in the conduct described above.

49. By engaging in the conduct described above, Defendant Nordlund violated Section 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), 77q(a)(2), and 77q(a)(3).

COUNT II

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

50. Paragraphs 1 through 43 are realleged and incorporated by reference.

51. As more fully described in paragraphs 1 through 43, Defendant Nordlund, in connection with the purchase and sale of securities, by the use of the means and instrumentalities of interstate commerce and by the use of the mails, directly and indirectly: used and employed devices, schemes and artifices to defraud; made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in acts, practices and courses of business which operated or would have operated as a fraud and deceit upon purchasers and prospective purchasers of securities.

52. As described in more detail in paragraphs 1 through 43 above, Defendant Nordlund acted with scienter in that he knowingly or recklessly made the material misrepresentations and omissions and engaged in the fraudulent scheme identified above.

53. By reason of the foregoing, Defendant Nordlund violated Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. 240.10b-5.

COUNT III

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

54. Paragraphs 1 through 43 are realleged and incorporated by reference as though fully set forth herein.

55. As detailed in paragraphs 1 through 43 above, Defendant Nordlund, while acting as an investment adviser, and in breach of his fiduciary duty, by use of the mails, and the means and instrumentalities of interstate commerce, directly or indirectly, knowingly, willfully or recklessly: (i) employed devices, schemes or artifices to defraud his clients or prospective clients; and (ii) engaged in transactions, practices and courses of business which have operated as a fraud or deceit upon his clients or prospective clients.

56. Defendant Nordlund, as an investment adviser, owed affirmative fiduciary duties of loyalty, fairness and good faith to his clients, including the Fund. These duties required Defendant Nordlund to, among other things, act in the best interest of his clients when selecting and purchasing investments on the Fund's behalf, calculating the net asset value of the Fund, providing reports to investors in the Fund, and collecting compensation from the Fund. Defendant Nordlund violated Sections 206(1) and 206(2) and breached his fiduciary duties by manipulating the price of Affinity Gold stock to inflate the net asset value of the Fund, using the

manipulated price of Affinity Gold stock when calculating the net asset value of the fund, providing reports to investors that inflated the net asset value of the Fund, and using the inflated value of the Fund to pay investors and pay himself compensation.

57. Defendant Nordlund acted knowingly, or with extreme recklessness, in engaging in the scheme and the misrepresentations described above.

58. Defendant Nordlund also acted negligently in engaging in the conduct described above.

59. Through the foregoing, Defendant Nordlund violated Sections 206(1) and 206(2) of the Advisers Act. 15 U.S.C. §§ 80b-6(1) and 80b-6(2).

COUNT IV

Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8

60. Paragraphs 1 through 43 are realleged and incorporated by reference as though fully set forth herein.

61. The Fund was a pooled investment vehicle for purposes of Rule 206(4)-8, 17 C.F.R. § 275.206(4)-8.

62. Nordlund acted as an investment adviser to the Fund.

63. Nordlund (1) made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading, to any investor or prospective investor in a pooled investment vehicle, and (2) otherwise engaged in acts, practices or courses of business that are fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in a pooled investment vehicle.

64. Through the conduct described above, Nordlund violated Section 206(4) of the Advisers Act, 15 U.S.C. § 80b-6(4) and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I.

Issue findings of fact and conclusions of law that Defendant Nordlund committed the violations charged and alleged herein.

II.

Issue a permanent injunction restraining and enjoining Defendant Nordlund, his officers, agents, servants, employees, attorneys and those persons in active concert or participation with Defendant Nordlund who receive actual notice of the order of this Court, by personal service or otherwise, and each of them from, directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), 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, and Section 206 of the Advisers Act, 15 U.S.C. § 78(p)(a) and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8.

III.

Issue an Order requiring Defendant Nordlund to disgorge the ill-gotten gains

received as a result of the violations alleged in this Complaint, including prejudgment interest pursuant to Section 21(d)(5) and 21(d)(7) of the Exchange Act, 15 U.S.C. §§ 78u(d)(5), and 78u(d)(7).

IV.

Issue an Order, pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 209(e) of the Advisers Act, 15 U.S.C. § 80b-9(e), requiring Defendant Nordlund to pay a civil penalty.

V.

Issue an Order enjoining Defendant Nordlund from participating in an offering of penny stock pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6).

VI.

Issue an Order pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), prohibiting Defendant Nordlund from acting as an officer or director of any issuer that has a class of securities registered pursuant Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d).

VII.

Retain jurisdiction of this action in accordance with the principals 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.

VIII.

Grant such other relief as this Court deems appropriate.

JURY DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission hereby requests a trial by jury.

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION**

September 29, 2022

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