

3. During 2020, Hollifield defrauded two advisory clients and one brokerage customer by misappropriating their funds for his personal use. This included misappropriating at least \$1.7 million from advisory clients and a brokerage customer in August 2020 that Hollifield used to purchase a home.

4. In certain instances, Hollifield solicited, advised, or helped HIC clients to invest in Century Warehouse, Inc. (“Century”)—an entity Hollifield controlled or otherwise had account authority over, without disclosing to clients his relationship to Century or the conflict of interest it presented.

5. When clients invested in Century, Hollifield often immediately wired a significant portion to his own accounts for his personal use.

6. In other instances, Hollifield misappropriated client and customer funds through a variety of schemes and used the money to purchase Hollifield’s home.

7. As a result of his conduct, Defendant Hollifield violated 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 (“Exchange Act”) [15 U.S.C. § 78j(b)], Rule 10b-5 thereunder [17 C.F.R. §240.10b-5], and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1) and (2)].

JURISDICTION AND VENUE

8. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act, [15 U.S.C. §§ 77t(b), 77t(d) and 77v(a)], Sections 21(d) and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78aa(a)], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14], as well as 28 U.S.C. § 1331.

9. Venue in this district is proper under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14] because the misconduct is alleged to have taken place in this district, defendant resides in and transacts business in this district, and certain of the acts, practices, transactions and courses of business constituting the violations alleged herein occurred within the Northern District of Georgia.

DEFENDANT

10. **Eric S. Hollifield**, age 49, is a resident of Winder, Georgia. Between October 2016 and September 2021, Hollifield was a registered representative of LPL and was a co-owner, principal, managing member, and an investment adviser representative of HIC.

OTHER RELEVANT ENTITIES

11. **Hamilton Investment Counsel, LLC**, was an investment adviser previously based in Dacula, Georgia and organized under the laws of Georgia.

12. **Century Warehouse, Inc.** is a Georgia company with its principal office in Lawrenceville, Georgia. Century purportedly provided shipping logistics and warehousing services. On February 3 and March 17, 2021, Century filed notices of intent to dissolve with the Georgia Secretary of States.

13. **LPL Financial, LLC**, is a company organized in California with its principal office in Fort Mill, South Carolina. LPL is dually registered with the Commission as an investment adviser and broker dealer.

FACTUAL ALLEGATIONS

I. Hollifield Begins an Investment Advisory Business Through HIC

14. In July 2016, Hollifield and two other individuals formed HIC to do business as an investment adviser.

15. In April 2020, one of the three principals relinquished his ownership interest in HIC. At that time, Hollifield and the other principal acquired 50/50 ownership of HIC.

16. HIC contracted with LPL for brokerage services and maintained advisory client assets in LPL accounts.

17. During the fall of 2019, HIC reported approximately \$196 million in assets under management and 402 advisory clients.

II. Hollifield Uses Century to Misappropriate Client Funds for Personal Use

18. In August 2019, Hollifield solicited a relative who was a HIC advisory client to acquire Century for \$2.6 million.

19. After the acquisition, Century was operated by Hollifield and another individual. Although the other individual was technically the principal, Hollifield had access to, and signatory authority over, Century's financial accounts.

20. Between October 2019 and October 2020, Hollifield advised and helped HIC clients to invest approximately \$5.35 million in Century in 19 transactions.

21. When recommending investments in Century, Hollifield represented that Century would use the proceeds of the investments for business purposes, such as acquiring COVID-related products and reselling them for a profit.

22. Consistent with these misrepresentations, the transfer forms for these investments, filled out by Hollifield, indicated that the advisory client funds would be used for purposes such as acquiring COVID supplies, and providing COVID relief for veterans.

23. In fact, however, Hollifield frequently used the investment funds for other, undisclosed purposes.

24. Of the \$5.35 million raised in connection with Century, Hollifield wired at least \$1 million of investor funds from Century back to Hollifield's personal accounts, which he used for his personal expenses.

III. Hollifield Misappropriates Approximately \$1.7 Million in August 2020 to Purchase a Home

25. On August 11, 2020, Hollifield purchased a house sitting on approximately 37 acres of land in Winder, Georgia, for \$1,746,000.

26. Virtually all of the money used to make the purchase was stolen from HIC clients and a HIC brokerage customer.

A. Hollifield Routes \$425,000 from HIC Client through Century, Then Steals Funds for the Home Purchase

27. In early August 2020, Hollifield sold securities in a client's account (the same relative who financed the acquisition of Century) and transferred \$425,000 of the funds to Century.

28. On August 11, 2020, Hollifield transferred \$375,000 from Century to his personal account. Unbeknownst to the client, Hollifield then used at least \$200,000 of those funds, combined with other client and customer funds, to purchase his home the next day, August 12, 2020.

B. Hollifield Steals \$1.24 Million From HIC Brokerage Customer Using a Goldman Sachs Ruse

29. On August 10, 2020, Hollifield sold approximately \$480,000 in securities, primarily bonds, held by a HIC customer in an LPL brokerage account. This customer was another of Hollifield's relatives.

30. That same day, Hollifield began drafting a form to wire \$1.8 million from the customer's account to the real estate closing firm handling his home purchase. On the form, he wrote "Attorney-Escrow Account for Real-Estate Purchase..." Hollifield did not complete the form on August 10, 2020.

31. The next day, Hollifield spoke with the customer, claiming that it was a good time to sell the bonds. Hollifield recommended that the customer authorize Hollifield to sell the customer's bonds, combine the proceeds with the cash position of her account (\$1.24 million), which was not accruing interest, and deposit the money in a new Goldman Sachs account.

32. Hollifield told the customer that the change would allow her to accrue more interest. He promised to open a Goldman Sachs account in the customer's name for her.

33. The customer agreed. Hollifield filled out the transfer forms and executed them on her behalf. On the forms, Hollifield stated the transfer was for an “outside investment.”

34. Hollifield never sent the transfer form to the customer.

35. He did not open a Goldman Sachs account for her until months later, in January 2021, after the customer had asked him multiple times to identify where the funds had gone. The Goldman Sachs account was closed in March 2021, having never been funded.

36. That same day, August 11, 2021, Hollifield wired the entire cash position of the customer’s account—\$1.24 million—to the real estate firm handling the closing of his home purchase.

37. Hollifield never told the customer that the money was going to be used to help purchase his home.

38. When asked by the closing firm why the customer was wiring over a million dollars towards his home purchase, Hollifield falsely answered that the customer was a relative who wanted to help him.

39. After the bond sale Hollifield initiated on August 10, 2020 settled, he did not invest or deposit the \$480,000 proceeds with Goldman Sachs. The money remained in an HIC account as cash, yielding no interest.

C. Hollifield Uses PPE Promissory Note Fraud to Steal \$300,000 for Home Purchase

40. In August 2020, Hollifield helped certain HIC clients make an investment in Century, allegedly to acquire Personal Protective Equipment (“PPE”) to be sold pursuant to a government contract. The investment had been recommended by another HIC adviser, but Hollifield helped the clients complete the money-transfer paperwork for the investment.

41. The clients made the investment in the form of a \$300,000 promissory note executed on or around August 6, 2020, which was to pay \$60,000 as a “return on investment” (as stated in the note) within 90 days. The note stated the proceeds were to be used to acquire PPE that would be sold pursuant to a government contract. The note stated that it may need to be registered under the “Securities Act of 1933” or state securities laws before transfer.

42. On August 12, 2020, the clients wired \$300,000 to Century.

43. Within ten minutes of receipt, Hollifield wired the entire amount to his own personal account and used the funds to complete the purchase of his home, the closing for which had begun the previous day but could not be finalized because Hollifield lacked the requisite funds.

44. Hollifield never told these clients that the money was going to be used, and actually was used, by Hollifield to purchase his home.

45. Century never returned the principal on the note and never paid the promised interest.

46. Instead, in June 2021, Hollifield convinced the clients to replace the note with a new one, and they allowed him to backdate the new note to August 12, 2020.

47. Like the original note, this version—which Hollifield signed—falsely stated that the \$300,000 in proceeds was to be used to acquire PPE to be sold pursuant to a government contract, but this time stated that \$500,000 would be repaid within a year of execution.

48. In August 2021, the recast note went into default. After Hollifield became aware of the SEC's investigation, he paid the investors \$200,000, using funds from a venture unrelated to Century or the resale of PPE.

C. HIC Unravels Due to Hollifield's Fraudulent Activity

49. In September 2021, LPL terminated its relationship with Hollifield based on its discovery of Hollifield's involvement with Century.

50. In October 2021, LPL terminated its relationship with HIC.

51. On March 31, 2022, HIC reported in an SEC filing that it no longer had any clients or assets under management.

COUNT I – FRAUD
Violation of Section 17(a)(1) of the Securities Act

52. The Commission repeats and re-alleges Paragraphs 1 through 51 of its Complaint.

53. Hollifield, knowingly or recklessly, in the offer or sale of any securities by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly employed a device, scheme or artifice to defraud.

54. By reason of the foregoing, Hollifield, has violated, and, unless enjoined, will continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II – FRAUD
Violation of Section 17(a)(2) of the Securities Act

55. The Commission repeats and re-alleges Paragraphs 1 through 51 of its Complaint.

56. Hollifield, knowingly, recklessly or negligently in the offer or sale of securities by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly obtained money or property by means of an untrue statement of a material fact or

an omission to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

57. By reason of the foregoing, Hollifield has violated, and, unless enjoined, will continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

COUNT III – FRAUD
Violation of Section 17(a)(3) of the Securities Act

58. The Commission repeats and re-alleges Paragraphs 1 through 51 of its Complaint.

59. Hollifield, knowingly, recklessly or negligently, in the offer or sale of securities by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly engaged in a transaction, practice or course of business which operated or would operate as a fraud or deceit upon the purchaser of such securities.

60. By reason of the foregoing, Hollifield has violated, and, unless enjoined, will continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

COUNT IV – FRAUD
Violation of Section 10(b) and Rule 10b-5 of the Exchange Act

61. The Commission repeats and re-alleges Paragraphs 1 through 51 of its Complaint.

62. Hollifield knowingly or recklessly, by the use of the means or instrumentalities of interstate commerce, or of the mails, directly or indirectly:

a. employed a device, scheme or artifice to defraud, in connection with the purchase or sale of securities;

b. made an untrue statement 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, in connection with the purchase or sale of securities; and/or

c. engaged in an act, practice or course of business which operated or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of securities.

63. By reason of the foregoing, Hollifield, has violated, and, unless enjoined, will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

COUNT V – FRAUD
Violation of Section 206(1) of the Advisers Act

64. The Commission repeats and re-alleges Paragraphs 1 through 51 of its Complaint.

65. Hollifield, acting as an investment adviser, by use of the mails or means or instrumentalities of interstate commerce, directly and indirectly employed devices, schemes, and artifices to defraud clients and prospective clients, all as more particularly described above.

66. Hollifield knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud. In engaging in such conduct, Hollifield acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

67. By reason of the foregoing, Hollifield has violated and, unless enjoined, will continue to violate Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)].

COUNT VI – FRAUD
Violation of Section 206(2) of the Advisers Act

68. The Commission repeats and re-alleges Paragraphs 1 through 51 of its Complaint.

69. Hollifield, acting as an investment adviser, by use of the mails or means or instrumentalities of interstate commerce, directly and indirectly employed devices, schemes, and artifices to defraud clients and prospective clients, all as more particularly described above.

70. Hollifield negligently engaged in the aforementioned devices, schemes and artifices to defraud.

71. By reason of the foregoing, Hollifield has violated and, unless enjoined, will continue to violate Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully prays for:

I.

Findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that Defendant named herein committed the violations alleged herein.

II.

A permanent injunction restraining and enjoining Hollifield, his officers, agents, servants, employees, attorneys, and all persons in active concert or

participation with him, and each of them, from directly or indirectly violating the federal securities laws alleged in this Complaint.

III.

An order requiring Hollifield to disgorge, with prejudgment interest, all ill-gotten gains received as a result of the acts or courses of conduct alleged in this Complaint.

IV.

An order pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)]; Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]; and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)] imposing a civil money penalty against Hollifield.

V.

Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

JURY DEMAND

Plaintiff demands a trial by jury as to all claims so triable.

DATED: June 30, 2022

Respectfully submitted,

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CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

U.S. Securities and Exchange Commission
950 East Paces Ferry Road, N.E., Suite 900, Atlanta, GA 30324

(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)
W. Shawn Murnahan (ph: 404-842-7669), M. Graham Loomis
U.S. Securities and Exchange Commission
950 East Paces Ferry Road, N.E., Suite 900, Atlanta, GA 30324

DEFENDANTS

Eric S. Hollifield

County of Residence of First Listed Defendant Barrow County, GA (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)
Craig H. Kuglar, Esq.
Law Office of Craig H. Kuglar, LLC, 931 Monroe Drive, N.E., Suite A-102-353, Atlanta, GA 30308

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
2 U.S. Government Defendant
3 Federal Question (U.S. Government Not a Party)
4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship and business location (Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation).

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Large table with categories: CONTRACT, REAL PROPERTY, CIVIL RIGHTS, TORTS, PRISONER PETITIONS, LABOR, IMMIGRATION, FORFEITURE/PENALTY, SOCIAL SECURITY, FEDERAL TAX SUITS, BANKRUPTCY, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding
2 Removed from State Court
3 Remanded from Appellate Court
4 Reinstated or Reopened
5 Transferred from Another District (specify)
6 Multidistrict Litigation - Transfer
8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
15 U.S.C. § 77q(a), 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5, and 15 U.S.C. §§ 80b-6(1) and (2)
Brief description of cause:
Violations of the antifraud provisions of the federal securities laws

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: X Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE Hon. Richard W. Story DOCKET NUMBER 2:21-cv-268-RWS

DATE 06/30/2022 SIGNATURE OF ATTORNEY OF RECORD s/ W. Shawn Murnahan

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE