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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NEW YORK

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

-against-

JENNIFER CAMPBELL,

Defendant.

COMPLAINT

22 Civ. 423

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Defendant Jennifer Campbell (“Campbell” or “Defendant”), alleges as follows:

SUMMARY

1. This case concerns Campbell’s misappropriation of funds from clients of her employer. Between February 2019 and May 2021 (the “Relevant Period”), Campbell was the Chief Compliance Officer (“CCO”) at an investment adviser that was registered with the Commission (the “Investment Adviser”). Campbell misappropriated approximately \$483,000 from seven different client accounts during the Relevant Period, in a number of instances targeting accounts related to elderly clients.

2. Campbell's scheme involved making unauthorized changes to client account settings and then, by forging checks and other documentation, misdirecting client funds into her own brokerage account. Campbell also forged automatic clearing house ("ACH") documentation to misappropriate client funds. With respect to one client account, Campbell executed unauthorized sales of securities to generate cash that she then misappropriated.

3. Campbell engaged in subterfuge to conceal her misconduct. Among other things, she created fictitious letters and tax documents, hacked into her colleagues' computers and rerouted their emails, and used voice altering software to impersonate a colleague when speaking by phone with anti-money laundering personnel from the Investment Adviser's broker-dealer. When the Investment Adviser learned of the conduct and confronted Campbell, and in the weeks that followed, Campbell admitted to much of the misconduct as well as her efforts to conceal it.

4. By engaging in the conduct described herein, Campbell directly violated and aided and abetted violations of certain antifraud provisions of the federal securities laws. The Commission seeks injunctive relief, disgorgement and prejudgment interest thereon, and civil penalties against Campbell.

VIOLATIONS

5. By virtue of the foregoing conduct and as alleged further herein, Campbell violated Section 17(a)(1) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)(1)], Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)], and Rules 10b-5(a) and 10b-5(c) [17 C.F.R. §§ 240.10b-5(a) and (c)] thereunder, and aided and abetted violations of Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (the "Advisers Act") [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

6. Unless Campbell is restrained and enjoined, she will engage in the acts, practices,

transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

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

8. The Commission seeks a final judgment: (a) permanently enjoining Campbell from violating or aiding and abetting violations of the federal securities laws and rules this Complaint alleges she has violated; (b) ordering Campbell to disgorge all ill-gotten gains she received as a result of the violations alleged herein and to pay prejudgment interest thereon; (c) ordering Campbell to pay civil monetary penalties pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)], Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)], and Advisers Act Section 209(e) [15 U.S.C. § 80b-9(e)]; and (d) ordering any other further relief the Court may deem just and proper.

JURISDICTION AND VENUE

9. This Court has jurisdiction over this action pursuant to Securities Act Section 22(a) [15 U.S.C. § 77v(a)], Exchange Act Section 27 [15 U.S.C. § 78aa], and Advisers Act Section 214 [15 U.S.C. § 80b-14].

10. Defendant, directly and indirectly, made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

11. Venue lies in the Western District of New York under Securities Act Section

22(a) [15 U.S.C. § 77v(a)], Exchange Act Section 27 [15 U.S.C. § 78aa], and Advisers Act Section 214 [15 U.S.C. § 80b-14]. Campbell resides in this District, the Investment Adviser's office was in this District, and certain of the acts, transactions, practices and courses of business alleged herein took place in this District.

DEFENDANT

12. **Campbell**, age 47, is a resident of Niagara Falls, New York. Campbell was hired by the Investment Adviser in March 2017 to assist with day-to-day operations in an office manager role, and in September 2018, she was made CCO. Campbell was terminated for cause in May 2021. Campbell holds Series 7 and Series 63 securities licenses.

OTHER RELEVANT ENTITY

13. The **Investment Adviser** is a New York limited liability company with its principal place of business in Buffalo, New York. The Investment Adviser was registered with the Commission as an investment adviser between October 2011 and December 2021.

FACTS

I. BACKGROUND

14. During the Relevant Period, the Investment Adviser had approximately five full-time employees. Many of its clients lived in the Buffalo area and had longstanding relationships with the Investment Adviser's senior management.

15. As office manager, Campbell was responsible for a range of office management duties, but also communicated with clients and had access to client accounts.

16. After she became CCO, Campbell's responsibilities included serving as the point of contact for compliance reviews conducted by a third-party consultant, arranging compliance training programs, ensuring that marketing materials and other disclosures were appropriate, and

that the Investment Adviser's registration remained current.

17. Campbell was not authorized to provide investment advice on the purchase or sale of securities to clients, and was not authorized to execute securities transactions on behalf of clients unless acting at the specific direction of the Investment Adviser's principals.

18. The Investment Adviser utilized a third-party broker-dealer (the "Broker-Dealer") to provide certain services.

19. Among other things, the Broker-Dealer served as custodian for client assets managed by the Investment Adviser, and the Investment Adviser executed transactions through a portal or interface provided by the Broker-Dealer.

20. The Broker-Dealer's portal allowed employees of the Investment Adviser to take certain actions or change account settings. For example, an employee of the Investment Adviser could order physical checks to a selected location, or change settings related to delivery preferences for notifications and account statements.

21. Campbell maintained her own individual brokerage account with the Broker-Dealer.

22. The Investment Adviser regularly received physical checks from or made payable to its clients, and maintained a dedicated scanner that would direct the check to the Broker-Dealer's back office to facilitate the necessary credit or debit.

23. An employee of the Investment Adviser would scan a check or multiple checks, and a linked interface would then allow the employee to allocate the check to the appropriate account. The system then generated a report detailing the check activity, which was to be reviewed or approved by the Investment Adviser's principals.

24. In the ordinary course, Campbell sometimes assisted with the task of scanning

checks, and sometimes took the portable scanner home with her, ostensibly for business purposes.

25. As described below, Campbell used her access to client accounts and the systems described above to misappropriate funds.

26. In total, Campbell misappropriated approximately \$483,000 during the Relevant Period.

II. CAMPBELL'S MISAPPROPRIATION FROM CLIENT ACCOUNTS

A. The HF Accounts

27. Between February 2019 and August 2020, Campbell misappropriated approximately \$13,600 from three related accounts (the "HF Accounts").

28. Using her access to the client portal, Campbell ordered account checks for the HF Accounts to be delivered to the Investment Adviser's office, then wrote checks from those accounts to her brokerage account, forged the signature of the HF Account's trustee, and deposited the checks into her brokerage account using the check scanner.

29. Although the check scanner generated reports for senior management to review and sign, Campbell either withheld the reports from senior management in whole or in part, or forged the signatures of senior management.

B. The BN Account

30. Between August 2019 and March 2020, Campbell misappropriated approximately \$138,000 from another account (the "BN Account").

31. Campbell misappropriated funds from the BN Account in the same manner as the HF Accounts, with one significant difference. With respect to the BN Account, Campbell sold securities without authorization to generate cash, which she then misappropriated.

32. Specifically, between September 2019 and March 2020, Campbell executed sixteen unauthorized sales in the BN Account, and in each instance, then deposited the proceeds into her brokerage account through forged checks.

33. As discussed below, in an apparent attempt to conceal her misappropriation from the BN Account, Campbell transferred approximately \$153,000 to the beneficiary of the BN Account from another client's account, such that the BN Account did not suffer a net loss.

C. The JK Account

34. Between December 2020 and April 2021, Campbell misappropriated approximately \$277,000 from an account set up for the benefit of a 93-year old widow by her deceased husband (the "JK Account").

35. Campbell misappropriated approximately \$124,000 from the JK Account by engaging in the same check-forging scheme described above.

36. In addition, in December 2020, Campbell forged ACH documentation to link the JK Account to an account for the beneficiary of the BN Account. Campbell then made two unauthorized ACH transfers totaling approximately \$153,000 from the former to the latter, and then had the ACH profile disabled.

D. The JK Business Accounts

37. The beneficiary of the JK Account also maintained with the Investment Adviser accounts related to two businesses (the "JK Business Accounts"). These businesses leased certain property to a third party, and the third party paid rent by sending checks to the Investment Adviser, to be deposited into the respective accounts.

38. Between September 2020 and March 2021, Campbell took these rent checks made out to the JK Business Accounts and signed them over, forging signatures, to either her

brokerage account or another account that she utilized.

39. Campbell misappropriated approximately \$54,500 from the JK Business Accounts in this manner.

III. CAMPBELL'S SCHEME IS UNCOVERED

40. In late April 2021, employees of the Broker-Dealer attempted to contact one of the Investment Adviser's principals by email to discuss unusual transaction activity.

41. These emails did not reach the intended recipient, however, because Campbell had changed the email settings for some or all of the Investment Advisers' staff, including one or more of the principals, such that certain emails from the Broker-Dealer were forwarded from their respective inboxes to Campbell.

42. Campbell was able to misdirect these emails because she had previously gained access to her colleagues' computers by telling them that she needed to fix technical issues. Once she obtained access, she surreptitiously changed the relevant email settings.

43. After not receiving a response to the emails, the Broker-Dealer personnel continued to attempt to contact the Investment Adviser's principal, including by telephone. Campbell intercepted these communications.

44. On May 4, 2021, Campbell spoke with an anti-money laundering ("AML") officer from the Broker-Dealer by phone. In that conversation, Campbell used voice-altering software to impersonate the Investment Adviser's principal.

45. The AML officer questioned certain deposits into Campbell's account, and Campbell (impersonating the Investment Adviser's principal) told the employee that the situation could be explained because Campbell was the niece of the beneficiary of the JK Account (which was false). The AML officer requested additional documentation concerning these deposits into

Campbell's account.

46. The next day, May 5, 2021, Campbell, using the principal's email address, sent the Broker-Dealer a fictitious letter from the trustee of the JK Business Accounts stating that the transfers to Campbell were legitimate, and a fictitious tax form purporting to show rental income attributable to Campbell, ostensibly in support of her deposits related to the JK Business Accounts.

47. The same day, May 5, 2021, the Broker-Dealer sent an email and letter terminating its service agreement with the Investment Adviser.

48. Campbell intercepted these communications as well. She responded by email, again impersonating the principal, seeking to "resolve" the issue and asking whether Campbell would need to be terminated to maintain the relationship between the Broker-Dealer and the Investment Adviser.

49. On May 10, 2021, the Investment Adviser discovered the termination letter from the Broker Dealer, began to investigate, uncovered Campbell's conduct, and suspended her.

50. A few days later, the Investment Adviser's principals met with Campbell in person, and recorded the meeting.

51. Campbell admitted to certain aspects of her misconduct, including that she made unauthorized withdrawals from the JK Account using forged checks and took steps including creating fake tax documents to deceive the Broker Dealer.

52. In subsequent email correspondence between Campbell and the Investment Adviser, Campbell admitted to misappropriation from additional clients.

53. Campbell also admitted to certain of her attempts to conceal her conduct, including making unauthorized changes to the Investment Adviser's principal's email settings,

impersonating him on the phone, and intercepting communications from the Broker-Dealer.

54. Campbell was terminated for cause on May 20, 2021.

FIRST CLAIM FOR RELIEF
Violations of Section 17(a)(1) of the Securities Act

55. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 54.

56. By engaging in the acts and conduct alleged above, Campbell, directly or indirectly, singly or in concert, in the offer or sale of securities and using the means or instruments of transportation or communication in interstate commerce or the mails, knowingly or recklessly has employed one or more devices, schemes or artifices to defraud.

57. Campbell violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)] by selling securities held by the BN Account without authorization, misappropriating the proceeds, and engaging in various efforts to conceal her conduct as part of a scheme to defraud.

58. By reason of the foregoing, Campbell, directly or indirectly, singly or in concert, has violated and, unless enjoined will again violate Securities Act Section 17(a)(1) [15 U.S.C. § 77q(a)(1)].

SECOND CLAIM FOR RELIEF
Violations of Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) Thereunder

59. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 54.

60. By engaging in the acts and conduct alleged above, Campbell, directly or indirectly, singly or in concert, in connection with the purchase and sale of securities and by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly has (i) employed one or more devices,

schemes, or artifices to defraud, and (ii) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

61. Campbell violated Section 10(b) [15 U.S.C. § 78j(b)] of the Exchange Act and Rules 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a), (c)] by selling securities held by the BN Account without authorization, misappropriating the proceeds, and engaging in various efforts to conceal her conduct as part of a scheme to defraud.

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

THIRD CLAIM FOR RELIEF

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

63. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 54.

64. As a result of Campbell's acts and conduct alleged above, the Investment Adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, (a) employed a device, scheme, or artifice to defraud a client or prospective client; and/or (b) engaged in transactions, practices, or courses of business that operated as a fraud or deceit upon a client or prospective client.

65. The Investment Adviser therefore violated Sections 206(1) and 206(2) of the Advisers Act, [15 U.S.C. § 80b-6(1) and 80b-6(2)], because Campbell, an employee of the Investment Adviser and its CCO, defrauded the firm's clients by misappropriating funds from their accounts.

66. Campbell knowingly or recklessly provided substantial assistance to the Investment Adviser with respect to its violations of Sections 206(1) and 206(2) of the Advisers

Act [[15 U.S.C. § 80b-6(1) and 80b-6(2)] because her conduct directly resulted in these violations.

67. By reason of the foregoing, Campbell is liable pursuant to Section 209(f) of the Advisers Act [15 U.S.C. § 80b-9(f)] for aiding and abetting the Investment Adviser's violations of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. § 80b-6(1) and 80b-6(2)] and unless enjoined will continue to aid and abet these violations.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

I.

Permanently enjoining Campbell from violating, directly or indirectly, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(1)(1)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rules 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a), (c)], and from aiding and abetting violations of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

II.

Ordering Campbell to disgorge all ill-gotten gains she received, directly or indirectly, with prejudgment interest thereon, as a result of the alleged violations;

III.

Ordering Campbell to pay civil monetary penalties under Securities Act Section 20(d) [15 U.S.C. § 77t(d)], Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)], and Advisers Act Section 209(e) [15 U.S.C. § 80b-9(e)];

IV.

Granting any other and further relief this Court may deem just and proper.

Dated: New York, New York
June 2, 2022

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