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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEVADA

SECURITIES AND EXCHANGE COMMISSION,	)	
Plaintiff,	)	
v.	)	
MALOM GROUP AG, MARTIN U. SCHLÄPFER, HANS-JÜRG LIPS, JAMES C. WARRAS, JOSEPH N. MICELLI, M.Y. CONSULTANTS, INC., ANTHONY B. BRANDEL, M. DWYER, LLC, AND SEAN P. FINN,	)	**2:13-CV-2280**
Defendants.	)	

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") alleges as follows:

SUMMARY

1. In two advance-fee investment schemes perpetrated from at least August 2009 until November 2011, Switzerland-based Malom Group AG ("Malom") – an acronym for "Make A Lot Of Money" – through its principals, agents, and promoters, defrauded more than 30

investors out of $11 million using forged documents, fake histories of success, and the promise of risk-free investments and astronomical returns. Orchestrating the fraud from Switzerland and Las Vegas, Nevada, the defendants lured investors into agreements and transactions with Malom that involved fictitious "prime bank" instruments and exotic high-yield trading programs. In fact, Malom was nothing more than a sham company and the investments the defendants peddled were nothing more than vehicles used to steal investors' money. Several of the defendants, through at least October 2013, continued to lie to investors that transactions would occur or that refunds or returns were forthcoming.

2. In furtherance of the schemes, the defendants made numerous false and misleading statements to investors and engaged deceptive acts, including lying about Malom's history and financial resources; creating false and misleading documents provided to investors, such as forged Malom account statements and "proof of funds" letters from top overseas banks; lying about their own history of successful transactions with Malom; lying about the use of investor funds; and lying about the status of transactions and refunding investor funds.

3. Malom's principals, Martin U. Schläpfer, ("Schläpfer) and Hans-Jürg Lips ("Lips"), both residents of Switzerland, directed the scheme together with Malom's U.S.-based officers, executive vice president James C. Warras ("Warras") and compliance officer Joseph N. Micelli ("Micelli"). Anthony B. Brandel ("Brandel"), through his Las Vegas, Nevada company M.Y. Consultants, Inc., served as Malom's agent and main point of contact for investors. Sean P. Finn ("Finn"), through his company M. Dwyer LLC ("M. Dwyer"), solicited investors for the schemes. Each of these defendants participated in both schemes, with the exception of Lips, who participated only in the second scheme.

4. In the first scheme, which took place from August 2009 to the summer of 2011, the defendants lured investors into "joint venture" agreements with Malom that purported to allow the investors, in exchange for an upfront fee, to "use" Malom's financial resources to entice third parties to enter into investment transactions with Malom that would generate returns for Malom and the investor. The purported transactions typically involved high-yield overseas trading programs. The joint venture agreements and the trading programs bore the usual hallmarks of "prime bank" frauds, including guaranteed and astronomically-high investment returns, use of well-known overseas banks to demonstrate evidence of funds, inordinate complexity, and use of technical-sounding but nonsensical financial terminology.

5. Under the joint venture agreements, Malom was to evaluate the trading program proposed by the investor and, if it posed no "perceptible risk of loss" to Malom, Malom would enter into the transaction with the third party and share most of the profits with the investor.

6. However, even though the defendants almost always knew at least basic details about the trading programs investors intended to propose before accepting their upfront fees, Malom took the fees and proceeded to reject every proposed trading program on the grounds that the transactions were fraudulent, carried some risk of loss to Malom funds, or for other deficiencies. In a few instances, defendants Micelli, Brandel, and Finn actually provided investors with particular trading programs to propose to Malom, which the defendants later rejected after taking the investors' funds.

7. The defendants never used investors' upfront fees for any proposed transaction with Malom. Instead, they diverted the funds for their personal use.

8. In the second scheme, which took place between early 2011 and fall 2011, Malom promised to generate funding through the creation of structured notes that would be listed on "Western European" exchanges, in some cases supported by Brazilian sovereign bonds from the 1970s that the Brazilian government has publicly disclaimed as worthless. To induce investors to pay an "underwriting fee," Malom and Lips issued corporate and personal guarantees to repay investors' fees if Malom did not successfully generate funding within 90 to 120 days.

9. Contrary to defendants' representations, Malom quickly distributed the investors' funds among the defendants and others for their personal use, and had no other means to refund the underwriting fees. Malom also failed to issue any structured notes.

10. When investors became wary that the investments were real, defendants Lips, Warras, Micelli, and Brandel repeatedly lied to them about the progress of transactions and the prospect of receiving investment returns or refunds from Malom or M.Y. Consultants. These lies lulled investors into not disrupting the scheme through public complaints, lawsuits, or by reporting the defendants to governmental authorities. This lulling activity continued until at least October 2013.

11. None of the transactions in securities offered or sold by or for the defendants was registered with the Commission, or are eligible for an exemption from registration.

12. None of the defendants was registered with the Commission as broker-dealers, as is required for offering securities to investors in the circumstances described in this Complaint.

13. By virtue of their conduct, the defendants have engaged, and unless enjoined will continue to engage, in violations of, and/or aid and abet violations of, the anti-fraud and registration provisions of the federal securities laws. Additionally, M.Y. Consultants, Brandel,

M. Dwyer, and Finn have further violated the federal securities laws by failing to register as a broker or dealer of securities.

JURISDICTION AND VENUE

14. The Commission brings this action, and this Court has jurisdiction over this action, pursuant to authority conferred by Section 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa].

15. This Court has personal jurisdiction over the defendants and venue is proper in the District of Nevada pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa] because each defendant engaged in transactions, acts, practices, and courses of business constituting the violations alleged in this Complaint within this district. Further, three of the defendants reside and can be found within this district.

16. The defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, and the means and instruments of transportation and communication in interstate commerce, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

17. A majority of the investors are located in the United States and signed their investment contracts in the United States, which became binding upon execution by the investors. All investors received investment-related documents and contracts from Las Vegas-based M.Y. Consultants, all but one investor entered into escrow agreements with M.Y.

Consultants and U.S.-based escrow companies, and all investors ultimately paid funds into U.S.-based escrow accounts to purchase the securities.

DEFENDANTS

18. **Malom Group AG** is a company formed under the laws of Switzerland in 1973. Its principal place of business is Baar, Switzerland. "Malom" is an acronym for "Make A Lot Of Money."

19. **Martin U. Schläpfer**, sometimes spelled Martin U. Schlaepfer, age 55, is a resident of Switzerland. At the time of this filing he is believed to be incarcerated in Zurich, Switzerland, where he has been since September 2011 pending an investigation by Swiss authorities into investment fraud involving Malom Group's offer of joint venture and structured note agreements, as well as a separate fraudulent scheme that took place between 2003 and 2011 involving the sale of surety bonds by another company Schläpfer controlled. Schläpfer is a member of Malom's board of directors and is variously described as its Chief Executive Officer, managing director and legal counsel, although he is not a lawyer.

20. **Hans-Jürg Lips**, sometimes spelled Hans-Juerg Lips, age 50, is believed to be a resident of Says, Switzerland. He is a principal of Malom and is described as the Chairman of Malom's board of directors; Malom's Swiss incorporation papers refer to this position as "President" of the board. Lips was incarcerated in Zurich, Switzerland between September and December 2011 pending an investigation by the Swiss authorities into investment fraud involving Malom Group's offer of joint venture and structured note agreements.

21. **James C. Warras**, age 67, is a resident of Waterford, Wisconsin and is the Executive Vice President of Malom. Warras pled guilty in 2002 to felony charges that he made

false statements in a sale of securities in Wisconsin. He was sentenced to probation and largely prohibited from offering or selling securities for five years.

22. **Joseph N. Micelli**, age 70, is a resident of Las Vegas, Nevada. He describes himself as Malom's Compliance Officer. He was an attorney, but was disbarred in California in 1997 for failing to provide clients notice that he was previously suspended by the bar for lying to clients. He is not licensed to practice law in any state.

23. **M.Y. Consultants, Inc.** is a consulting firm formed under the laws of Nevada in April 2007. Its principal place of business was Las Vegas, Nevada. Anthony Brandel served as its sole director. It had few, if any, regular employees. Through Brandel, M.Y. Consultants arranged transactions with Malom, handled investor funds, negotiated transaction documents, and communicated with investors.

24. **Anthony B. Brandel**, age 46, is a resident of Las Vegas, Nevada. He is the sole director of M.Y. Consultants and was its Operations Director. Anthony Brandel, through M.Y. Consultants, served as Malom's main point of contact with investors, explaining the investments, collecting investor funds through escrow agreements, and lulling investors about the status of their transactions.

25. **M. Dwyer LLC** is a limited liability company formed under the laws of Wyoming in July 2010. It was founded by Sean P. Finn, who was its sole manager and owner. It has no employees.

26. **Sean P. Finn**, age 44, is a resident of Whitefish, Montana. He is the founder and sole manager of M. Dwyer LLC. Through in-person contacts, email, internet advertisements,

and other avenues, Finn, directly and through M. Dwyer, recruited investors to enter into transactions with Malom.

FACTS

I. THE SCHEME TO DEFRAUD

27. From approximately August 2009 to fall 2011, with lulling activities by some of the defendants continuing at least until October 2013, the defendants used the mail and wires to defraud at least 30 investors out of approximately $11 million through two schemes involving the offer and sale of securities.

28. The investors are largely located in the United States, including several in Nevada. They generally have limited investment experience.

29. The defendants participated in the scheme as principals, agents, and promoters. Martin U. Schläpfer and Hans-Jurg Lips, based in Switzerland, were the two principals of Malom, James C. Warras was its Executive Vice President, and Joseph N. Micelli was its purported Compliance Officer.

30. Anthony Brandel, through M.Y. Consultants, served as Malom's main point of contact with investors, explaining the investments, collecting investor funds through escrow agreements, and informing investors about the status of their transactions.

31. Sean P. Finn, through his company M. Dwyer LLC served as a promoter to recruit investors.

32. In designing and orchestrating the scheme, the defendants required investors to use the services of at least two escrow companies, American United Title and Escrow in Las Vegas, Nevada and Commercial Escrow Services, Inc. in California. These companies entered

into escrow agreements with M.Y. Consultants and investors, set up accounts into which investors deposited funds, and distributed investor funds at the defendants' direction. State authorities shut down the Nevada escrow company in fall 2009 and the California escrow company in 2011.

A. The "Joint Venture" Investment Program

33. The joint venture scheme targeted at investors to enter into trading programs and other transactions that could purportedly yield extraordinary returns (*e.g.*, 100% in a single day) through risk-free transactions. Investors were led to believe that, after paying an upfront fee and entering into a joint venture agreement with Malom, Malom would enter into the transactions with third parties using its substantial assets and give a lion's share of the profit back to the investor. This offering lasted from August 2009 to approximately August 2011.

34. All of the defendants except for Lips were involved in this offering (the "Joint Venture Defendants"), which resulted in at least 25 joint venture agreements and raised approximately $7.5 million.

35. Under the joint venture agreements, investors were required to pay an upfront fee of between $150,000 and $1 million and identify transactions to be funded by Malom and to be entered into between Malom and third parties. In turn, Malom was to provide the investors with evidence of its funds, such as a bank statement or "proof of funds" bank letter, showing that Malom, or an entity whose funds Malom purportedly had access to, had tens to hundreds of millions of dollars available in overseas banks. Malom was then responsible for exploring the investors' proposed transactions with third parties, called "contract counter-parties."

36. If, in its sole discretion, Malom deemed a transaction acceptable, it was to enter into the transaction directly with the contract counter-party and share profits with investors. Malom deemed acceptable only those transactions that posed "no perceptible risk of loss" to its funds.

37. Although termed "Joint Venture Agreements," the agreements did not purport to create separate legal entities, contained no management provisions, and expressly did not create general partnerships between the investors and Malom.

38. The Joint Venture Defendants led investors to believe that Malom's funds could somehow be used as collateral, leveraged, or "monetized" by contract counter-parties by supplying only a "proof of funds," having banks "block" or "reserve" funds in an account, or by issuing bank-to-bank "SWIFT" communications.[1] The Joint Venture Defendants needed to invoke these seemingly sophisticated, but ultimately illegitimate or misused processes because Malom did not have the funds reflected in the proof of funds documents, which were all fraudulent and/or forged. In fact, the joint venture agreements and its attachments the defendants created and/or provided to investors used these and other catchphrases that government agencies have warned are indicative of fraudulent high-yield or "prime bank" schemes, in addition to describing terms or transactions in confusing and highly complex (but meaningless) ways, another indication of their fraudulent nature.

[1] "SWIFT" is an acronym for the Society for World Interbank Financial Telecommunication, an organization owned by more than 2,500 member banks that provides a system of standardized interbank telecommunications. References to SWIFT messages are commonly used in prime bank schemes as they provide an illusion of sophistication.

39. In some instances, Malom provided proof of funds documents purporting to show that other parties with which Malom had relationships had funds. Those proof of funds documents were also forged and/or fraudulently used by Malom.

40. Although the joint venture agreements charged investors with identifying and proposing trading programs or transactions for Malom to enter into, in certain instances the Joint Venture Defendants actually provided investors specific programs to propose to Malom, including one called the "Chase One-Day Program." In March 2010, defendant Brandel promoted a trading program whereby investors could supposedly secure a 100%, guaranteed return in a single day by trading U.S. Treasury STRIPS[2] through the "Fed window" at JP Morgan Chase Bank in Manhattan. To enter the program, investors needed $5.5 million.

41. According to program documents provided to Brandel by defendant Finn and other promoters, these securities could be bought from the bank and almost immediately sold back to it for a 100% profit. The process could be done in two hours and could be repeated for as long as the bank had instruments available.

42. Brandel and Finn mislead investors into believing such programs existed, despite knowing or being reckless in not knowing that programs promising such astronomical, guaranteed returns were fraudulent.

43. Micelli drafted a template joint venture agreement specific to this transaction to help Finn and other promoters recruit additional investors. The template agreement specifically described the purchase and sale of STRIPS and a guaranteed 100% profit. At the time he drafted this template, Micelli knew that such guarantees were not legitimate.

[2] "STRIPS" is an acronym for Separate Trading of Registered Interest and Principal of Securities.

44. As a result of this effort, five investors entered into joint venture agreements to secure "proof of funds" for $5.5 million each in return for transaction fees ranging from $150,000 to $200,000. None of the investors received a return on their investment or a refund of their upfront fees.

45. After accepting the upfront fees for the joint venture agreements, Malom, through Micelli, Brandel, or at times Schläpfer, proceeded to reject every transaction proposed by investors, and in some cases multiple transactions proposed by the same investor, because the transactions posed a "perceptible risk of loss" to Malom's funds, were fraudulent, or otherwise did not comply with procedures that were "usual and customary in the banking and securities industry." These rejections occurred repeatedly, even though Brandel and Micelli knew at least basic details about the proposed transactions before investors entered into joint venture agreements and paid fees to Malom.

46. Where transactions were rejected outright, the defendants told investors that they would not receive any refund and that their fees were used to compensate Malom for reserving its funds, to compensate it for the time spent exploring the trading program, and to reimburse costs incurred in pursuing the fraudulent transaction.

47. These statements were false and misleading. As the defendants knew or were reckless in not knowing, Malom had no funds to reserve. Moreover, the defendants spent little or no time exploring proposed transactions and incurred little or no costs pursuing any transactions.

48. If a transaction was not rejected outright, Malom, through Schläpfer, Micelli, and/or Brandel, gave investors various excuses why the transaction had not occurred. They

would purport to encounter delay after delay resulting from feigned illnesses and hospitalizations, banking holidays, weather crises, and vacations until the window for the proposed transaction closed or the investors or contract counter-parties abandoned the transaction.

B. The "Structured Note" Investment Program

49. Under the structured note scheme, which began in early 2011 and lasted through fall 2011, Malom pledged to underwrite, securitize, "credit enhance", register, list, and market structured notes for companies who sought funding. Malom promised to sell the structured notes on unspecified "Western European" exchanges and to privately place the notes with unspecified subscribers. All of the defendants were involved in this offering, which resulted in at least six agreements and raised nearly $3.5 million.

50. Malom failed to develop any funding through structured notes or otherwise, did not refund any investors' funds, and spent investors' funds on activities unrelated to the development of structured notes or other funding sources.

51. In the structured note agreements, Malom required investors to pay an upfront "underwriting fee" or "deposit" that would be used for the structured note offering. This was the investors' sole responsibility in the structured note transactions.

52. If a transaction was successful, Malom agreed to refund the investor's underwriting fee with a 25-50% premium. If a transaction was not successful, Malom agreed to refund the underwriting fee and pay a small penalty to the investor. Generally, refunds were payable between 90-120 days after entering into an agreement.

53. Malom failed to secure any funding and did not refund fees to any investor.

54. Malom did not undertake any steps to create or market any structured notes. Instead, the underwriting fees were immediately distributed among the defendants and others who had no role in effecting the contemplated transactions.

55. As an example, in connection with the bankruptcy proceeding of USA Springs Inc. (*In re USA Springs, Inc.*, Case No. 08-11816 (Bankr. D. N.H. June 27, 2008)), Malom, USA Springs, and two investors signed an "Investor Agreement" on or about June 23, 2011, whereby, for an underwriting fee paid by the investors, Malom would create and sell structured notes to raise $60 million for USA Springs to help it emerge from bankruptcy.

56. The Investor Agreement stated that it was "necessary for a third party to invest and deposit with Malom [$1.2 million]" so that Malom could "underwrite, credit enhance and securitize the Note; cause the Note to be listed on a Western-European exchange; and privately place the Note to subscribers with whom [Malom] enjoys pre-existing relationships," and that Malom would use the $1.2 million investment in furtherance of these duties.

57. As part of the Investor Agreement, the investors would receive a 50% return after a successful debt offering and Malom would receive a success fee, in this case, 1.5% of the face value at maturity of the Structured Notes placed, and an origination fee of 3% of the principal funding amount of $60 million.

58. If the effort was unsuccessful after 120 days, Malom promised to refund the $1.2 million without deduction, plus pay an additional $50,000 to the investors.

59. In other words, Malom guaranteed either a 50% return in 120 days or a complete refund in addition to an approximately 4% penalty.

60. However, the investors' funds were immediately distributed among the defendants or to others, were not spent on any investment-related purpose, and were never refunded. Moreover, Malom did not have any funds with which to refund the structured note investors.

61. When investors in the structured note offering began to demand results or refunds, Malom, typically through Lips, Warras, and Micelli, made excuses for why it could not complete the transactions, usually blaming the European debt crisis. Alternatively, Lips and Warras told investors that Malom would secure funding through transactions involving H-series Brazilian Letras do Tesouro Nacional ("LTNs") – bonds issued by the Brazilian government in 1972 that were purportedly worth in excess of US$200 million.

62. These LTNs, however, are worthless.

63. Well before Malom began telling investors it would repay them with these bonds and continuing until the present, the Brazilian National Treasury has hosted an English-language website unequivocally warning investors that "[a]ll LTN's issued in the seventies, in printed versions, had lost their value and are no longer valid," that "[a]ny documents about rescheduling these papers are an imitation intended to be passed off fraudulently or deceptively as genuine," and that "[a] number of law firms have generated negative outcomes for its clients, offering deals, presenting false evidences, with calculations attaching high values to those bonds."

64. To assuage investors' concerns about this and other warnings, Malom, using investor funds, paid Campos e Campos Advogados, a Brazilian law firm, and one of its partners to acquire LTNs and to obtain a legal opinion and official documents explaining why and how the LTNs were valid and had value.

65. Some of the documents provided to Malom by the Brazilian law firm were forgeries, including, for example, a November 19, 2010, "Repac Certificate," which purports to be a government re-validation of the worthless bonds. Warras, Micelli, and Brandel provided these documents to investors, including to the USA Springs investors, when it became clear that Malom was not going to be able to create a structured note and needed to convince the investors, creditors, and the bankruptcy court that it could still generate promised funding.

66. Lips, Warras, Micelli, and Brandel all represented that the structured note transactions were risk-free to investors because of refunds guaranteed by Malom and personally by Lips. However, Malom and Lips did not have the funds to repay investors. Neither Malom nor Lips have returned any money to the structured note investors.

C. The Defendants' Conduct in Furtherance of the Scheme

1. Martin U. Schläpfer

67. As a principal of Malom, Schläpfer signed at least 23 joint venture agreements and documents attached thereto between August 2009 and January 2011. Schläpfer signed most of these agreements on behalf of Malom, and the remaining agreements on behalf of NAS Operations AG and Maxmore Corporation Ltd., two companies affiliated with or controlled by Schläpfer.

68. Schläpfer received contractual documents from and returned signed documents to Nevada-based M.Y. Consultants, who in turn provided them to investors. Four of these joint venture agreements were with investors who were based in Nevada.

69. In the joint venture agreements with investors and in the attachments thereto, Schläpfer claimed that Malom, NAS Operations, or Maxmore had hundreds of millions of

dollars on deposit at overseas banks where they either did not have the amounts claimed on deposit or never had accounts at all. Schläpfer also supplied Warras, Micelli, Brandel, and others with several bank statements purporting to reflect funds belonging to or accessible by these entities. However, as Schläpfer knew, most of the accounts referenced in these documents did not exist, or, if an account did exist, the balance never approached the amounts reflected on the statements Schläpfer provided.

70. For example, on June 20, 2011, Schläpfer forwarded an email to Lips, Warras, Micelli, and Brandel, purporting to be from a banker at EFG Bank in Switzerland in which the banker wrote that Malom was "a well-known client to us for many years" even though Malom had only opened an account in April 2011. The email further stated that Malom had "accounts . . . currently well in excess of $3 mio."

71. Malom had no funds in its EFG account on the date of the email and thereafter never had more than $500,000 in this account.

72. Further, between at least July 2010 and April 2011, Schläpfer sent numerous emails to Warras, Micelli, and Brandel describing how Malom needed to pay bank officers or others to acquire bank documents. In one email to Warras, Micelli, and Brandel, dated August 31, 2010, Schläpfer lamented that various parties had contacted Centrum Bank in Switzerland about Malom's accounts there, which "cost us a fortune to the responsible people (greed over risk!)."

73. Schläpfer also told investors that their advance fees were used to compensate Malom for reserving its funds for the investors' transactions, even though Malom had not "reserved" any funds because it did not have the funds to reserve.

74. For example, in February 2011, Schläpfer wrote in an email to one investor that Malom "received our engagement fee to offset our having held funds in abeyance" for the investor. According to its agreement with the investor, Malom was supposed to have reserved $30 million for the investor at Centrum Bank. Although Malom did have an account at Centrum Bank for approximately four months, it was closed on January 19, 2011, and Malom never deposited any funds into it.

75. In fact, as Schläpfer knew, he and the other defendants did not use the investors' "fees" for any purported joint venture or structured note transaction. Instead, the defendants diverted the investors' funds for their own personal use, to other parties involved in the schemes, or to persons unrelated to the purported transactions.

76. On several occasions, Schläpfer misrepresented Malom's previous successes to investors. For example, in fall 2010 he told one investor that Malom had successfully completed 10 deals in 2010 and netted $12 million. In fact, Malom had not completed any successful deals in 2010, as Schläpfer knew.

77. Further, in December 2010 and February 2011, Schläpfer also passed off lists of "projects" from a company he was previously affiliated with, Northamerican Sureties Ltd. ("NAS"), and replaced the NAS logo on the cover with a Malom logo, even though NAS was a separate entity and operated in a different industry (surety bonds) from Malom.

78. Several of the companies on the list never had any relationship with NAS or Malom and never engaged in the projects listed beside their names on the reference list.

79. When investors inquired as to the status of transactions or demanded refunds, Schläpfer made a series of excuses as to why Malom had not performed, including a series of

feigned illnesses and hospitalizations, including one where, in March 2011 he told one investor that he was "unavailable" because of a heart attack when, in reality, he was incarcerated in Switzerland.

80. He also told investors that delays arose from problems with bank compliance officers (from banks at which Malom did not have any relationship); delays in transferring funds from one bank to another (sometimes involving banks at which Malom did not have accounts); and unspecified changes in the law.

81. Schläpfer knew or was reckless in not knowing that the statements described above were materially false or misleading or omitted to state material facts which would make the statements he made not materially misleading.

82. Schläpfer received at least $2,306,000 of investor funds for his role in furthering the fraudulent schemes. Further, Malom received approximately $831,200 as part of the scheme.

2. Hans-Jurg Lips

83. Between February and September 2011, Lips, as Chairman and Head of Structured Finance of Malom, signed several documents stating that Malom held hundreds of millions of dollars at overseas banks where, as Lips knew, it either did not have the amounts claimed on deposit or never had accounts at all.

84. Lips signed two structured note agreements with investors located in Nevada. Further, all of the structured note investors negotiated their agreements through Nevada-based M.Y. Consultants, who also arranged to have the agreements signed by Lips and the investors.

85. For example, on February 24, 2011, Lips signed documents claiming that Malom had $25 million at Südtirol Bank in Italy or Centrum Bank.

86. Malom never had an account at Südtirol.

87. Although it once had an account at Centrum Bank, it never had money on deposit there and the account had been closed for over a month when Lips signed the documents.

88. Further, Lips supplied investors with a letter addressed to him from a banker at Südtirol Bank. The letter was forged. The banker did not know Lips or Malom and the signature on the letter was not his.

89. In another example, on September 16, 2011, Lips sent an investor a letter, drafted by Micelli, claiming that Malom had funds on deposit at Estrategia Investimentos S.A., a financial services firm located in Brazil, with offices in Miami, Florida. However, Malom never had an account with this firm.

90. Lips also made several written promises to investors that their underwriting fees would be returned if no successful transactions took place, and made several false and misleading statements intended to convince investors that their investments were safe and Malom had the capacity to pay refunds.

91. On April 21, 2011, Lips supplied an investor with an email, purporting to be from an EFG banker, stating that Malom had $2.4 million on deposit and was a well-known client for many years. EFG Bank records show that Malom had opened an account there approximately two weeks earlier, on April 5, 2011.

92. Shortly thereafter, on June 22, 2011, Lips provided the same investor with a signed statement in which he agreed to hold not less than $2.5 million on deposit at EFG Bank in Switzerland to cover the cost of a refund. Malom never held more than $500,000 at EFG Bank.

93. In both oral statements to investors and in written agreements, Lips also misrepresented that the fees investors paid in the structured note transactions were to pay costs associated with the underwriting of a bond offering. In several structured note transactions, including ones dated May 3, 2011, June 22, 2011, August 3, 2011, August 23, 2011, and September 7, 2011, those costs are described as including due diligence, securitization, credit enhancement, registration, listing fees, and all costs to be incurred in furtherance of these tasks. Each investor's funds were not, however, used in furtherance of their transactions. Instead, the defendants distributed investors' funds among themselves for their personal use, to other parties involved in the schemes, or to several individuals with no clear connection or role in the structured note transactions at issue.

94. As did Schläpfer, in March 2011, Lips supplied Brandel and Micelli with the deceptive reference list reflecting references for NAS, but with a Malom logo, so that they could (and ultimately did) provide it to prospective investors. As Lips knew, several of the companies on the list never had any relationship with NAS or Malom and never engaged in the projects listed beside their names on the reference list.

95. Lips made several oral and written misrepresentations and material omissions regarding Malom's purported Brazilian LTNs to investors. First, he falsely claimed that the LTNs had substantial value even though the Brazilian National Treasury unequivocally stated—in English on its website—that they had no value.

96. Second, he failed to disclose to investors that Campos e Campos Advogados, the Brazilian law firm that purported to verify the LTNs, once listed Schläpfer and Warras as employees, and that the firm had an agreement with Malom to share any proceeds arising out of

transactions utilizing the LTNs. Both facts call into question the law firm's objectivity in evaluating the LTNs.

97. Finally, he made misrepresentations to several investors and to the federal bankruptcy court in the USA Springs transaction regarding the status of Malom's attempts to "monetize" the LTNs, first claiming that transactions were imminent only to later blame failure on various problems such as issues with receiving SWIFT messages that purportedly could verify the LTNs. These last misrepresentations were made in three affidavits filed with the bankruptcy court dated February 29, 2012, April 30, 2012, and May 13, 2012.

98. In addition, since December 2011, when Lips was released from approximately two months of detention in Switzerland, Lips has contacted certain investors by telephone and through instant messaging to assure them that transactions were underway that would enable Malom to pay refunds. These contacts continued until at least October 2013.

99. Lips knew or was reckless in not knowing that the statements described above were materially false or misleading or omitted to state material facts which would make the statements he made not materially misleading.

100. Lips received at least $431,295 of investor funds for his role in furthering the fraudulent schemes.

3. James C. Warras

101. At various times from 2009 through 2011, Warras engaged in deceptive acts and made direct misrepresentations to investors. As the Executive Vice President of Malom, Warras provided Nevada-based Brandel and Micelli with forged bank and other documents, made several misrepresentations to investors about Malom and about the nature of various high-yield

trading programs into which he sought to recruit investors, and was an active participant in the negotiations with investors regarding certain fraudulent transactions, including the structured note transaction with USA Springs. Warras orchestrated or directed many of Brandel's and Micelli's false and misleading statements to investors from and in Nevada.

102. After Schläpfer and Lips were incarcerated, Warras regularly communicated with investors to lull them by making false excuses as to why transactions had not occurred, false promises that transactions were underway, and false promises that refunds were imminent.

103. Warras sent Brandel and Micelli by email several bank statements showing that Malom had hundreds of millions of dollars on deposit at various overseas banks. At the time he sent these statements, he knew or was reckless in not knowing they were forgeries.

104. Furthermore, in these email communications, which often also involved Schläpfer, Warras frequently told Micelli and Brandel that Malom needed to pay various bankers and others to secure such documents. For example, on July 14, 2010, Warras sent an email to Micelli and Brandel warning them that it was possible they would not get an account statement from Deutsche Bank in Germany, but adding that "[o]nce we get some more money to the [purported account holder] then Martin can work on the Duestsche [sic] Statement and most likely get it."

105. In another example, on September 17, 2010, Warras forwarded a Deutsche Bank statement he received from Schläpfer to Micelli and Brandel, warning them that "we will have to pay for this [proof of funds] with the escrow that is created"; meaning that fees deposited into escrow by investors who were deceived by the bank statement would be used to pay for the

statement itself. In fact, the bank statement was a forgery. As Warras knew, or was reckless in not knowing, Malom never had an account at Deutsche Bank.

106. In another example, on March 19, 2011, Warras provided Micelli and Brandel with a letter that had been written by a banker at Südtirol Bank for two individuals ("Individuals A and B") who were previously connected to the joint venture scheme as purported counterparties to a joint venture transaction proposed by an investor who was defrauded. Warras asked Micelli and Brandel to draft a letter from Südtirol Bank that could be used for all escrow deals, to which Micelli responded with suggested language.

107. On or about March 23, 2011, Warras received an email from Lips, purporting to attach a letter from Südtirol Bank that used Micelli's proposed text, with minor alterations.

108. The letter was never issued by Südtirol Bank; it was a forgery.

109. On or about the same day, March 23, 2011, Individual A sent Warras an invoice for $100,000 for a "payment to Sudtirol Bank." Warras directed Micelli and Brandel to change the invoice to reflect "Legal and Consulting Services for the [credit-linked notes] and BRIC fund of Malom Group AG."

110. In the ensuing week, between March 28 and April 4, 2011, Warras exchanged several emails with Individuals A and B whereby Individual A demanded the $100,000 payment or else he would have the Südtirol Bank letter "revoked."

111. Individual A warned Warras that "the banker who trusted me and did what I asked and delivered – he expects me to pay him." In several emails, Warras assured Individual A that he would receive $100,000. Warras then forwarded the emails to Brandel and Micelli, stating that "Südtirol is getting dangerous."

112. Warras later paid Individual A $75,000 out of investor funds given to Malom for purported structured note transactions, including the USA Springs transaction.

113. Warras also directed others to forge documents to deceive investors into believing Malom's LTNs were legitimate and had value. In July 2011, Warras directed the creation of a fraudulent acquisition document for the LTNs. In a series of emails to Campos e Campos law partner Luis Fernando de la Roca and Micelli, Warras directed Micelli to draft and backdate a joint venture contract showing how Malom acquired the LTNs, writing that Micelli should make sure it was full of "BOILER PLATE BULL SHIT" with "as many pages of B.S. as possible" so that it could be used as a "file stuffer" in negotiations with a bank who it tried to enlist in an effort to monetize the LTNs.

114. Warras specifically directed Micelli to state in the contract that Malom had acquired the LTNs in 1992, even though he testified during a deposition in the USA Springs bankruptcy proceeding that Malom acquired the LTNs in 2009 or 2010. He later instructed de la Roca to take Micelli's draft and "fill in the blanks and continue or change the story."

115. In December 2011, Warras sent an investor a receipt and an attachment from Merrill Lynch reflecting its acceptance into safe-keeping two LTNs. In the attachment, a Merrill Lynch employee purports to make several representations about the authenticity and value of the LTN, including that the instruments had "full paperwork that confirms [the instruments'] issuance, authenticity, and ownership chain and tax regularity." Merrill Lynch never issued the attachment; Warras forged it and the signature of the Merrill Lynch employee.

116. Warras also made several oral misrepresentations to investors about Malom's history of success. In August 2010, for example, he told one investor that Malom and Schläpfer had successfully concluded millions of dollars in transactions when they had not.

117. When Swiss authorities detained Schläpfer in September 2011, Warras served as Malom's primary point of contact for investors. Continuing until at least October 2013, Warras frequently contacted investors by telephone to discuss the status of their investments. Largely, these communications served to provide excuses for delays; to assure investors that various transactions, mostly involving the Brazilian LTNs, were underway or had closed that would permit the issuance of refunds; and, in the case of one investor, to warn him that going to authorities would jeopardize Malom's ability to refund money.

118. With respect to Malom's purported Brazilian LTNs, Warras falsely promised investors that transactions involving the LTNs would generate money for refunds for the joint venture investors and funding/refunds for the structured note investors. Like Lips, Warras omitted to tell investors the nature of Malom's investment-sharing relationship with (and Schläpfer's and Warras' alleged employment or affiliation with) Campos e Campos Advogados, the Brazilian law firm that purported to verify the LTNs. Warras also made several false claims regarding the value of the LTNs, which are worthless, and the status of closed and pending transactions involving the LTNs. In a November 18, 2011 affidavit Malom filed with a U.S. Bankruptcy Court, for example, Warras stated that Malom had accepted offers to sell the LTNs for $200 million when, in fact, Malom had purportedly "purchased" the LTNs through Campos e Campos for no more than $833,000, reflecting an astonishing 24,000 percent return on an instrument the Brazilian government publicly disclaimed as worthless.

119. Warras knew or was reckless in not knowing that the statements described above were materially false or misleading or omitted to state material facts which would make the statements he made not materially misleading.

120. Warras received at least $1,066,915 of investor funds for his role in furthering the fraudulent schemes. He received these funds directly and through Carpe Diem Family Trust, a trust he controlled.

4. Joseph N. Micelli

121. Between August 2009 and the present, Micelli, a disbarred attorney, a self-professed and self-taught "expert" in the banking and securities industry, and Malom's "Compliance Officer," drafted joint venture agreements and structured note contracts, and reviewed the trading programs and other transactions the joint venture investors proposed both before and after investors placed funds into escrow. Micelli resides and worked primarily out of Las Vegas, Nevada throughout the schemes.

122. Starting in March 2010, he also knew that Finn and other promoters were actively pitching at least one risk-free, high-yield trading program to joint venture investors, the "Chase One-Day Program" described above, and provided the promoters with template contractual documents specific to that program to help their recruitment efforts.

123. In the joint venture transactions, after investors paid their advance fee, Micelli, acting on Malom's behalf, invariably rejected proposed transactions or trading programs using various excuses. For example, on June 18, 2010, Micelli informed several investors that trades such as the "Chase One-Day Program" could be risk-free if they are conducted pursuant to certain procedures that are "usual and customary in the banking and securities industry."

124. Despite having no formal training and having never worked in either industry, Micelli subsequently told investors that transactions could not be done because some procedure did not meet this generic standard or due to other deficiencies. For example, on October 14, 2010, he told one investor that "the compliance department of Centrum Bank [was] demanding to know" certain information about a transaction because it would have imposed "an independent obligation of Centrum Bank" even though no such demand had been made by the bank.

125. He also frequently rejected proposed trading programs as fraudulent because they contained red flags of illegitimacy such as guaranteed returns, enormous short-term returns and other indicators of fraud. In fact, Micelli knew that the joint venture agreements were designed and intended to solicit fraudulent trading programs and investment scams.

126. Micelli provided fraudulent bank statements and bank letters to investors on several occasions, including, among other occasions, by email on October 12, 2010, October 25, 2010, and December 23, 2010. Micelli knew or was reckless in not knowing these bank documents were fraudulent.

127. Among other clear indicators that they were illegitimate, between approximately July 2010 and April 2011, Micelli received numerous emails from Warras and Schläpfer discussing how Malom needed to pay bank officers or others for bank documents. In addition, these bank letters used several catchphrases that government agencies have warned are indicative of fraud, including that Malom's funds were "clean, clear, and of non-criminal origin," could be "blocked" or placed on "administrative hold," and were "clean and clear" and "free of any liens or encumbrances."

128. As far back as 2008, well before Micelli received these documents and provided them to investors, he was aware that these phrases indicated fraud, having received and read a detailed "handbook" titled "Lawyers' Guide: Advising Clients on High Yield Investment Programs and Ponzi Schemes," which described how these catchphrases (among other tactics) were used to deceive investors in fraudulent investment schemes.

129. Further, on or about August 24, 2009, he received electronic copies of several government warnings regarding "prime bank" schemes and the types of red flags to be aware of, including documents from the FBI, Department of the Treasury, and the Federal Reserve. These warnings identified high-yield schemes that use these phrases as fraudulent and illegal, and identified other common characteristics of such schemes such as guaranteed and risk-free investments, and astronomical returns on investments.

130. Micelli forwarded these warnings to Brandel by email at the outset of the joint venture scheme, in August 2009.

131. Micelli knew or was reckless in not knowing that the bank statements and bank letters also carried several other indicators of fraud. For example, several documents from Deutsche Bank carried different dates but had signatures, stamps, and document control numbers (e.g., barcodes) that were identical; one PDF file of a document from a Brazilian depository institution, IBRAC, contained mark-ups that showed that the original date was obscured electronically and a new date was typed above it in a different font from the original.

132. Despite knowing these strong indicators of fraud, he drafted template joint venture agreements and other contractual documents that referenced and attached these bank

documents for delivery to investors, and even included several of the same fraudulent catchphrases (*e.g.*, "clean, clear, and of non-criminal origin") in the documents he drafted.

133. Micelli forged documents as well. One proposed transaction required notarized documents. On July 21, 2010, Micelli sent Brandel an email containing several electronic images of what appear to be Swiss notary stamps and signatures. Micelli copied these electronic images from a document Schläpfer had previously signed and had notarized. Micelli then pasted these electronic images onto transactional documents and provided them to the counter-party in the transaction to give the impression that Schläpfer had signed the documents and had them notarized in Switzerland when he had not.

134. He also forged a document purporting to be a "Proof of Funds" letter from Deutsche Bank evidencing Malom funds, which was provided by email to at least two investors in October 2011 to entice them to deposit fees for purported transactions with Malom. Electronic metadata on the .PDF format document shows that Micelli forged the letter by layering text and signature stamps over a blank image of Deutsche Bank letterhead.

135. Micelli forged other bank documents using rudimentary electronic cut-and-paste techniques. Micelli and other defendants used these documents to deceive investors into parting with their funds or in connection with proposed transactions after investors paid their fees. For example, in an email dated November 25, 2009, an assistant working with M.Y. Consultants forwarded to Brandel a word document containing text for a bank letter from Falcon Private Bank in Hong Kong. Brandel immediately forwarded it to Micelli and Warras. Micelli inserted this text onto an electronic copy of Falcon Private Bank's letterhead, which already had two signatures of bank officers on it.

136. He repeated this on at least three occasions, creating forged letters from Falcon Private Bank dated December 9, 2009, February 1, 2010, and April 19, 2010.

137. On February 3, 2010, Micelli emailed the February 1, 2010 Falcon Private Bank letter, along with executed copies of a joint venture agreement, to Brandel and Warras so that it could be forwarded to an investor.

138. On April 19, 2010, Micelli emailed the April 19, 2010 Falcon Private Bank letter, along with executed copies of a joint venture agreement to Brandel, Warras, and Schläpfer so that it could be forwarded to an investor. Ultimately, each of these letters were provided to investors.

139. Micelli also made misrepresentations to investors by claiming that Malom had a history of success and significant financial resources. For example, on September 1, 2011, Micelli filed an affidavit with the U.S. Bankruptcy Court in the USA Springs bankruptcy proceeding in which he made several misrepresentations about Malom. He stated that "Malom has among its assets unencumbered cash in its bank account(s) totaling far in excess of $16.6 million" when he knew it did not.

140. Further, Micelli claimed that Malom had "experience in underwriting similar transactions" when he knew it had none.

141. Micelli knew or was reckless in not knowing that the statements described above were materially false or misleading or omitted to state material facts which would make the statements he made not materially misleading.

142. Micelli received at least $828,903 of investor funds for his role in furthering the fraudulent schemes.

5. Anthony Brandel & M.Y. Consultants

143. Since at least August 2009 until fall 2011, Brandel, a Nevada resident and the "Director of Operations" and the sole director of Nevada-based M.Y. Consultants, actively recruited investors and facilitated their entry into joint venture agreements and structured note agreements by soliciting details of the transactions investors sought to access, explaining the programs to investors, opening up escrow accounts into which investor funds would be deposited, coordinating the exchange of contractual documents between investors and Malom, and ultimately distributing investor funds amongst the defendants and others.

144. In recruiting investors, Brandel assured them that Malom had substantial assets under its control and a long history of successful transactions. Several of the investors Brandel solicited resided in Nevada.

145. Brandel made misrepresentations to investors about the extraordinary historical returns offered by trading programs, and explained how such trades were without risk when he knew that such transactions did not exist.

146. Brandel also sought fictitious documents to be used as proof of Malom's funds (*e.g.*, bank statements or bank letters), helped create them, was aware that Malom was paying for their issuance, and then provided them to investors.

147. He induced investors into agreements knowing that Malom had no intent to engage in the various transactions investors sought to enter, even remarking that one agreement was a "straight JV that had a bullshit transaction attached to it."

148. In communications with investors about Malom's background, including its financial resources and history of success, Brandel repeated the falsehoods he was told by others

including by Schläpfer, Warras, and Micelli. He made no effort to verify whether Malom had ever entered into successful transactions or whether it had any funds available.

149. Malom had not engaged in any successful transactions and did not have any significant funds available.

150. For example, on November 18, 2009 Brandel stated in an email to one promoter that Malom was a "multi billion dollar company and licensed every imaginable [sic]," and that Schläpfer was a banking attorney. Malom never had such funds available, there is no evidence that it held any "licenses," and Schläpfer was not an attorney.

151. In another example, on or about July 2010 Brandel told one investor that other investors had been enormously successful even though he knew that none of the investors he had worked with had received any investment return.

152. In yet another example, Brandel and Micelli received an email from Warras on September 2, 2011, asking Brandel to let him know if a proof of funds from Estrategia Investimentos S.A. would work. Warras attached a marketing brochure from the company to the email.

153. Approximately an hour later, Brandel sent an email to one prospective investor stating that Malom has "been finalizing their Brazilian Treasury deal with 'Estrategia Investimentos S.A.' . . . which is where the majority of [Malom's] funds are," and attached the same marketing brochure.

154. Estrategia Investimentos did not hold any funds on behalf of Malom at that or at any other time.

155. Brandel also made several false and misleading statements about the risk of entering into transactions with Malom. For example, on or about late December 2009 or early January 2010, Brandel orally informed one investor that an investment was risk-free and that if a trade did not happen, the investor would get his funds back. The investor did not receive any funds back.

156. In April/May 2010, Brandel orally informed another investor that there was a "less than one percent risk" involved in a high-yield scheme because it was not an investment but rather a "transaction." That investor also lost all of his funds.

157. Further, Brandel represented to several investors that Malom's funds could be "administratively held," "blocked," or "reserved" by its banks to be used for the investors' transactions. For example, in emails dated November 17, 2009 and December 15, 2009, he represented to potential investors that Malom's banks could put administrative "holds" on its funds, adding in the latter email that the hold would be in effect for "one year and a day."

158. These banking concepts do not exist in legitimate commerce.

159. In explaining how he was paid and how Malom used investors' funds, Brandel informed one investor in August 2010 that he would be paid out of trading profits; told another investor on or about December 2009 that his transaction fees would be refunded if a trading program did not occur; and told another potential investor on July 12, 2010 that the fees were used to compensate Malom for "blocking" or "reserving" funds (which it did not have).

160. In actuality, Brandel distributed nearly 50 percent of the investors' funds amongst a series of individuals and entities, including to M.Y. Consultants and to his own personal

account, almost immediately after investors sent funds into escrow accounts. The remaining funds were distributed amongst Schläpfer, Lips, and Warras.

161. Brandel performed several fraudulent and deceptive acts in connection with the scheme. For example, in March 2010, he encouraged Finn and other promoters to pitch trading programs such as the "Chase One-Day Program" to investors, helped Micelli create template documents specific to that transaction, and provided those documents to promoters to help recruit additional investors for the program.

162. He also knew or was reckless in not knowing that he was providing fraudulent bank statements and bank letters to investors. Between July 2010 and April 2011 Brandel received numerous emails from Schläpfer and Warras discussing how Malom needed to pay bank officers or others for bank documents.

163. Further, the bank documents Brandel received from Schläpfer, Warras, and/or Micelli contained clear signs that they were fraudulent or forged. First, each contained several catchphrases Brandel knew were used in high-yield scams and were indicative of fraud. He learned this, in part, from reviewing several government warnings Micelli sent to him by email on August 24, 2009.

164. Moreover, the documents had several physical characteristics that were highly indicative of fraud. For example, several documents purporting to be from Deutsche Bank carried different dates but had signatures and stamps and document control numbers that were identical, indicating that they were not authentic.

165. The "Deutsche Bank" letters appeared on letterhead for Deutsche Bank Privat- und Geschäftskunden AG, but made representations on behalf of Deutsche Bank AG, a separate legal entity and Deutsche Bank Privat- und Geschäftskunden AG's parent company.

166. Further, the letters contained a footer that purported to list the members of the Management Board of Deutsche Bank Privat- und Geschäftskunden AG. The list is not accurate for 2010, the year the letter was dated.

167. In another example, one PDF file of a bank document contained mark-ups that showed that the original date was obscured and a new date was typed on the letter.

168. Another letter, from Südtirol Bank, directed the reader to contact the author at the "below indicated address" when the address was in a header at the top of the page.

169. After receiving fraudulent bank documents from Warras, Micelli, and/or Schläpfer, Brandel provided them to investors. The bank documents were required attachments to the joint venture and structured note agreements.

170. In trying to obtain more bank letters evidencing Malom's supposed funds to supply to potential investors, Brandel sent an email to Warras on February 17, 2011 with a punch-list of statement requests, including for "500MM any major bank . . . 150MM any major bank . . . 100MM must be Deutsche Bank . . . 200MM any major bank . . . 25MM Centrum Bank."

171. Until at least spring 2013, Brandel communicated with investors to promise refunds and provide updates on the status of various transactions that would enable refunds to be made. During this period, he regularly communicated with investors to advise them of the status

of their purported investments and assuring them that successful transactions were imminent and returns were forthcoming.

172. Brandel gave investors numerous reasons as to why transactions have not been completed as promised. For example, in communications with one investor over the course of nearly two years, Brandel variously blamed delays on illness, European banking holidays, trading licensing issues, fraudulent acts by others, and misrepresentations about the transactions by the promoters.

173. Brandel also used offers of refunds to investors as a lulling tactic. In February 2011, for example, he promised in writing to refund several investors' funds without deduction in exchange for a "hold harmless" agreement and later promised refunds in writing if an investor retracted allegations made on an internet site that Malom and M.Y. Consultants were engaged in fraud. No refunds have been made.

174. Brandel knew or was reckless in not knowing that the statements described above were materially false or misleading or omitted to state material facts which would make the statements he made not materially misleading.

175. Brandel and M.Y. Consultants are alter-egos of each other, with Brandel using M.Y. Consultants in furtherance of the scheme to defraud. He used corporate funds for his own purposes and to create and support several small businesses run by family members. Further, the company was inadequately capitalized and, when funds came in they were quickly transferred to others or depleted, including on paying personal expenses and through large cash withdrawals. Further, on information and belief, M.Y. Consultants failed to observe corporate formalities.

176. Brandel received at least $532,500 in transaction-based compensation for his role in furthering the fraudulent scheme. M.Y. Consultants received approximately $546,607 in connection with the scheme.

6. Sean P. Finn and M. Dwyer LLC

177. Sean P. Finn was a promoter working with M.Y. Consultants and Malom to solicit investors. At times, he acted through M. Dwyer, LLC, a company which he founded and serves as its sole manager. He participated in the fraud from approximately April 2010 to fall 2011.

178. Finn, through M. Dwyer, recruited investors for the joint venture and structured note programs; handled investment contracts with investors; and held himself out as a representative of Malom or intermediary between investors and Malom by explaining the joint venture and structured note programs, and regularly communicating with investors regarding updates on the status of their agreements.

179. Finn worked in association with Nevada-based M.Y. Consultants. After he solicited investors, he referred them to M.Y. Consultants, who entered into escrow agreements with the investors and provided them with the joint venture and structured note agreements with Malom. Finn successfully solicited at least one Nevada-based investor.

180. Finn made misrepresentations to several investors regarding Malom, its history, and the nature of transactions with Malom. Finn made no effort to independently verify whether Malom had ever entered into successful transactions or whether it had any funds available.

181. With respect to Malom' s purported background, Finn wrote in one internet posting, dated July 9, 2011, that he worked with Malom because it had "references from top executives at Merrill Lynch and Goldman Sachs" and he had "spoken to several billion dollar

companies that owe their existence to Malom." On March 2, 2011, he sent an email to another investor falsely claiming that Malom had "closed deals with Wal Mart, Bank of America and the State of New York," and that Malom was "a billion dollar company."

182. Finn misrepresented to investors the safety and the nature of investments with Malom. In a January 26, 2010 email advertisement to current and prospective investors, for example, Finn claimed that, with Malom, an investor's "fee is always under [the investor's] control," and that the "engagement fee is not released to us until [the investor's] attorney/banker advises [the investor] to do so."

183. Finn made the same claims on M. Dwyer's website, which generally solicited clients for joint venture transactions with his unnamed "partners" who, for a fee, could provide a minimum of $10 million cash to investors to enter into transactions.

184. Similarly, on November 19, 2011, Finn posted a response to several allegations made against him on a website frequented by potential investors, falsely stating that his clients opened escrow accounts and "received 100% of their money back" when transactions were not successful.

185. Further, in a December 17, 2010 email Finn informed another investor that money deposited into escrow belonged to the investor "until [the investor] is satisfied with the documents and the account we provide," and that only after the investor's "team is satisfied" does the investor release funds. The escrow agreement, however, provided that escrowed funds would be released automatically only days after documents were received.

186. At the time he made each of these statements, Finn was attempting to recruit additional investors into transactions with Malom.

187. On M. Dwyer's website, Finn also stated that Malom could place funds on an "administrative hold via [SWIFT Message type] MT799 though UBS, Credit Suisse, HSBC, HSH Nord and Clariden Leu." This cannot be done in legitimate banking.

188. In urging one investor to deposit money into escrow in a January 24, 2011 email, Finn falsely stated that Malom had reserved $30 million for the investor and passed on other offers for the same money.

189. Moreover, Finn omitted to tell investors that he would almost immediately be paid a fee of approximately 25% of the amount deposited into escrow regardless of whether Malom entered into any transactions or whether those transactions produced any profit.

190. Finn also made several misrepresentations to investors and potential investors about his own history of partnering with Malom in successful transactions. He falsely informed investors that Malom had billions of dollars available and that he had "closed" more than 50 transactions with Malom when he had not.

191. He also acted as a reference for Malom when contacted by another investor, falsely stating that he had personally engaged in successful transactions with Malom. On July 9, 2011, Finn posted a response to an internet posting accusing him and his company of fraud, falsely stating that "[t]he investors I have have made more money than they can spend in a lifetime." Finn went on to recruit additional investors for transactions with Malom after making this statement.

192. Finn knew or was reckless in not knowing that the statements described above were materially false or misleading or omitted to state material facts which would make the statements he made not materially misleading.

193. Finn and M. Dwyer are alter-egos of each other, with Finn using M. Dwyer in furtherance of the fraud. Finn commingled his assets with those of the company, the company was inadequately capitalized, and, on information and belief, failed to observe any corporate formalities.

194. Finn received at least $840,000 of investor funds in transaction-based compensation for his role in recruiting investors and furthering the fraudulent schemes.

COUNT ONE

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

(Malom, Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, Finn)

195. The Commission realleges and incorporates herein by reference paragraphs 1 through 194 above.

196. Malom, Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, and Finn, directly and indirectly, with scienter, by use of the means or instrumentalities of interstate commerce, or of the mails, employed devices, schemes or artifices to defraud; made untrue statements of material fact or 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 or courses of business which have been and are operating as a fraud or deceit upon the purchasers or sellers of securities.

197. As a part of and in furtherance of their scheme, Malom, Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, and Finn, directly and indirectly, prepared, disseminated, or used contracts, written offering documents, promotional materials, bank documents, investor and other correspondence, and oral presentations, which contained untrue statements of material facts and misrepresentations of material facts, and which 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, including, but not limited to, those set forth in Paragraphs 1 through 196 above.

198. By reason of the foregoing, Malom, Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, and Finn have violated and, unless restrained and enjoined, will continue to violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

COUNT TWO

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

(Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, Finn)

199. The Commission realleges and incorporates herein by reference paragraphs 1 through 198 above.

200. Pursuant to Exchange Act Section 20(e) [15 U.S.C. § 78t(e)], Schläpfer, Warras, and Micelli knowingly or recklessly aided and abetted Malom by providing it with substantial assistance in furtherance of its primary violations; and Lips, Smith, M.Y. Consultants, Brandel, M. Dwyer, and Finn at least recklessly aided and abetted Malom by providing it with substantial assistance in furtherance of its violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

201. Furthermore, Brandel, M. Dwyer, and Finn at least recklessly aided and abetted M.Y. Consultants by providing it with substantial assistance in furtherance of its violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

COUNT THREE
Violation of Securities Act Section 17(a)
(Malom, Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, Finn)

202. The Commission realleges and incorporates herein by reference paragraphs 1 through 201 above.

203. Malom, Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, and Finn, directly or indirectly, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails: (a) has employed, is employing, or is about to employ devices, schemes or artifices to defraud; (b) has obtained, is obtaining or is about to obtain money or property by means of untrue statements of material fact and omissions 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 (c) has engaged, is engaged, or is about to engage in transactions, acts, practices and courses of business that operated or would operate as a fraud upon purchasers of securities.

COUNT FOUR
Aiding and Abetting Violations of Securities Act Section 17(a)
(Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, Finn)

204. The Commission realleges and incorporates herein by reference paragraphs 1 through 203 above.

205. Pursuant to Securities Act Section 15(b) [15 U.S.C. § 77o(b)], Schläpfer, Warras, and Micelli knowingly or recklessly aided and abetted Malom by providing it with substantial assistance in furtherance of its primary violations; and Lips, Smith, M.Y. Consultants, Brandel, M. Dwyer, and Finn knowingly or at least recklessly aided and abetted Malom by providing it with substantial assistance in furtherance of its violations of Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

206. Brandel, M. Dwyer, and Finn knowingly or recklessly aided and abetted M.Y. Consultants by providing it with substantial assistance in furtherance of its violations of Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

COUNT FIVE
Violation of Securities Act Section 5
(Malom, Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, Finn)

207. The Commission realleges and incorporates herein by reference paragraphs 1 through 206 above.

208. Malom, Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, and Finn, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer and sell securities through the use or medium of a prospectus or otherwise, and carried or caused to be carried through the mails or in interstate commerce, such securities for the purpose of sale or for delivery after sale, when no registration statement had been filed or was in effect as to such securities and no legally recognized exemption from registration applied.

209. By reason of the foregoing, Malom, Schläpfer, Lips, Warras, Micelli, M.Y. Consultants, Brandel, M. Dwyer, and Finn violated and unless restrained and enjoined, will continue to violate Securities Act Sections 5(a) and (c) [15 U.S.C. § 77e(a) and (c)].

COUNT SIX
Violation of Exchange Act Section 15(a)
(M.Y. Consultants, Brandel, M. Dwyer, Finn)

210. The Commission realleges and incorporates herein by reference paragraphs 1 through 209 above.

211. M.Y. Consultants, Brandel, M. Dwyer, and Finn, while acting as brokers or dealers, made use of the mails or any means or instrumentality of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, securities without being registered with the Commission as a broker or dealer or an associated person of a registered broker-dealer.

212. By reason of the foregoing, M.Y. Consultants, Brandel, M. Dwyer, and Finn violated and, unless restrained and enjoined, will continue to violate Exchange Act Section 15(a) [15 U.S.C. § 78o(a)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Enter judgment in favor of the Commission finding that the defendants violated the federal securities laws and Commission rules alleged against them in this Complaint;

II.

Permanently enjoin the defendants from further violations of the federal securities laws and Commission rules alleged in this Complaint;

III.

Permanently enjoin the defendants from directly or indirectly participating in the issuance, offer, or sale of any security, including but not limited to joint venture agreements, proofs of funds, bank guarantees, medium term notes, standby letters of credit, structured notes, and similar instruments, with the exception of the purchase or sale of securities listed on a national securities exchange;

IV.

Order all defendants to disgorge, as the Court may direct, all ill-gotten gains received or benefits in any form derived from the illegal conduct alleged in this Complaint, together with pre-judgment interest thereon;

V.

Order all defendants to pay civil monetary penalties pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and

VI.

Grant such other equitable and legal relief as may be appropriate or necessary for the benefit of investors pursuant to Exchange Act Section 21(d)(5) [15 U.S.C. § 78u(d)(5)].

Date: December 16, 2013

By:

/s/ Stephen W. Simpson

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