

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	
	:	Civil Action No.
v.	:	
	:	JURY TRIAL DEMANDED
ERIC WILLIAM JOHNSON.,	:	
	:	
Defendant.	:	

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the “Commission”), for its Complaint against Defendant Eric William Johnson, alleges as follows:

NATURE OF ACTION

1. This is a case about a financial professional who abused the trust that his clients placed in him in order to steal from those clients repeatedly over a ten-year period so that he could spend the money on himself.

2. Until recently, Eric William Johnson (“Johnson” or “Defendant”) was a registered representative at Redridge Securities, Inc. (“Redridge”), where he was compensated for providing investment advice to the firm’s clients.

3. On September 24, 2014 and October 1, 2014, Johnson admitted to the staff of the Commission that, on multiple occasions over the last ten years, he had stolen money from the clients he served by fraudulently wiring funds from his clients’ cash accounts into his own bank

account. On at least one occasion, Johnson went so far as to liquidate securities held by one of his clients so that he could wire the proceeds to himself. Over the course of more than 100 such fraudulent wire transfers, Johnson stole more than \$1,000,000 from his clients.

4. By engaging in such conduct, Johnson violated Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. §240.10b-5(a) and (c)] and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (the “Advisers Act”) [15 U.S.C. 80b-6(1)-(2)].

5. The Commission brings this action seeking: (a) permanent injunctions against future violations; (b) disgorgement of ill-gotten gains plus prejudgment interest thereon; (c) civil money penalties; and (d) other ancillary relief, including an asset freeze over all assets in Johnson’s possession, custody or control; an order prohibiting the destruction, mutilation, concealment, alteration, or disposition of books and records; and expedited discovery.

JURISDICTION AND VENUE

6. The Commission brings this action pursuant to Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)] and Sections 209(d) and 209(e) of the Advisers Act [15 U.S.C. § 80b-9(d)-(e)].

7. This Court has jurisdiction over this action pursuant to Section 27 of the Exchange Act [15 U.S.C. §78aa] and Section 214 of the Advisers Act [15 U.S.C. § 80b-14], and 28 U.S.C. § 1331.

8. Venue is proper in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. §78aa] and Section 214 of the Advisers Act [15 U.S.C. §80b-14].

9. Acts, practices, and courses of business constituting violations alleged in this complaint have occurred within the jurisdiction of the United States District Court for the Northern District of Illinois and elsewhere. Defendant Johnson is a resident of this District.

10. Defendant Johnson, directly and indirectly, made use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices, and courses of business alleged in this complaint. The Defendant will, unless enjoined, continue to engage in the acts, practices, and courses of business set forth in this complaint, and acts, practices, and courses of business of similar purport and object.

DEFENDANT

11. Eric W. Johnson, age 51, is a resident of Hinsdale, Illinois and was, until recently, a registered representative and investment adviser at Redridge.

FACTS

12. On September 24, 2014, at his own request, Johnson met with the staff of the Commission at the Commission's Chicago Regional Office. During that meeting, and a second meeting that took place on October 1, 2014 at which Commission staff were also present, Johnson advised Commission staff that he had engaged in the conduct described in this complaint.

13. Until recently, Johnson was employed as a registered representative and investment adviser by Redridge, a Chicago, Illinois-based broker-dealer and investment adviser. While employed at Redridge, Johnson was compensated for, among other things, providing investment advice to clients with respect to, among other things, securities transactions.

14. Johnson owed a fiduciary duty to his advisory clients.

15. Beginning in approximately 2004 and continuing through 2014, Johnson engaged in a series of fraudulent transactions by which he misappropriated funds from his clients' accounts. Johnson accomplished each such transaction by forging his clients' signatures on wire transfer instructions directing the transfer of funds from his clients' accounts into an account in Johnson's name at Bank Financial. Johnson did this without the clients' knowledge or authorization.

16. Johnson took steps to avoid detection of his fraud. When submitting the fraudulent wire transfer instructions, Johnson made use of computers in Redridge's office that were not tied to Johnson's username or computer account. Johnson specified on the wire transfer instructions that there be no confirmation of the transactions sent to Redridge's offices or email addresses. He purposefully kept the transactions relatively small, typically in amounts between \$2,000 and \$5,000. Finally, Johnson purposefully selected clients with large accounts and for whom his strategies and investment advice had yielded significant profits, believing that these sorts of clients would not notice unauthorized wire transfers of a few thousand dollars from their cash accounts.

17. On at least one occasion, Johnson sold a client's securities without the client's knowledge or authorization so that he could wire the proceeds of the sale to his personal account at Bank Financial via the same type of fraudulent wire transaction described above.

18. Between approximately 2004 and 2014, Johnson engaged in approximately 115 of these fraudulent wire transactions by which he misappropriated a total of approximately \$1,050,000 from his clients.

19. While Johnson has not yet accounted for the whereabouts of the investor funds he misappropriated, he has advised Commission staff that he spent all of the money on a variety of items and services.

COUNT I

VIOLATIONS OF SECTIONS 206(1) AND 206(2) OF THE ADVISERS ACT

20. Paragraphs 1 through 19 are alleged and incorporated by reference as though fully set forth herein.

21. Between approximately 2004 and 2014, Johnson, on multiple occasions, while acting as an investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, employed a device, scheme or artifice to defraud a client and engaged in a transaction, practice, or course of business that operated as a fraud or deceit upon a client.

22. Johnson acted with scienter.

23. By reason of the activities described in paragraphs 20 - 22 above, Johnson has violated Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. 80b-6(1)-(2)].

COUNT II

VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5(a) and (c) THEREUNDER

24. Paragraphs 1 through 19 are alleged and incorporated by reference as though fully set forth herein.

25. Between approximately 2004 and 2014, Johnson, on at least one occasion, in connection with the purchase and sale of securities, directly or indirectly, by the use of the means and instrumentalities of interstate commerce and of the mails, employed devices, schemes and

artifices to defraud and engaged in acts, practices and courses of business that operated as a fraud and deceit upon his clients.

26. Johnson acted with scienter.

27. By reason of the activities described in paragraphs 24 – 26 above, Johnson has violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. §240.10b-5(a) and (c)].

COUNT III

IN THE ALTERNATIVE, AIDING AND ABETTING VIOLATIONS OF SECTIONS 206(1) AND 206(2) OF THE ADVISERS ACT

28. Paragraphs 1 through 19 are alleged and incorporated by reference as though fully set forth herein.

29. Between approximately 2004 and 2014, Redridge, through Johnson, on multiple occasions, while acting as an investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, employed a device, scheme or artifice to defraud a client and engaged in a transaction, practice, or course of business that operated as a fraud or deceit upon a client.

30. Johnson knowingly and substantially assisted Redridge in fraudulently transferring money out of its clients' cash accounts.

31. Redridge and Johnson acted with scienter.

32. By reason of the activities described in paragraphs 28 – 31 above, Johnson has aided and abetted violated Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. 80b-6(1)-(2)].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I.

Find that the Defendant committed the violations charged and alleged in this complaint.

II.

Enter an order of permanent injunction as to the Defendant, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, enjoining the Defendant, and his agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the order, by personal service or otherwise, and each of them from, directly or indirectly, engaging in the transactions, acts, practices, or courses of business described above, or in conduct of similar purport and object, in violation of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. 80b-6(1)-(2)] and Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. §240.10b-5(a) and (c)].

III.

Enter an order requiring the Defendant to disgorge all ill-gotten gains, including prejudgment interest, he received as a result of the violations charged in this complaint.

IV.

Enter an order imposing upon the Defendant appropriate civil penalties pursuant to Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)] and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)].

V.

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

VI.

Grant appropriate emergency relief to prevent further dissipation of assets stolen from or purchased with investor funds.

VII.

Grant such other and further equitable relief as this Court deems appropriate and necessary.

* * *

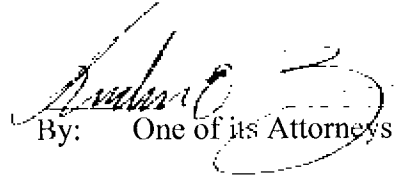
JURY DEMAND

The Commission demands a trial by jury.

Dated: November 5, 2014

Respectfully submitted,

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION**


By: One of its Attorneys

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CIVIL COVER SHEET

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

I. (a) PLAINTIFFS DEFENDANTS
(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)
(c) Attorney's (Firm Name, Address, and Telephone Number)
County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.
Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)
1 U.S. Government Plaintiff
2 U.S. Government Defendant
3 Federal Question (U.S. Government Not a Party)
4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)
(For Diversity Cases Only)
PTF DEF
Citizen of This State 1 1
Citizen of Another State 2 2
Citizen or Subject of a Foreign Country 3 3
Incorporated or Principal Place of Business In This State 4 4
Incorporated and Principal Place of Business In Another State 5 5
Foreign Nation 6 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)
CONTRACT TORTS FORFEITURE/PENALTY LABOR IMMIGRATION BANKRUPTCY SOCIAL SECURITY FEDERAL TAX SUITS OTHER STATUTES
110 Insurance 310 Airplane 362 Personal Injury - Med. Malpractice
120 Marine 315 Airplane Product Liability 365 Personal Injury - Product Liability
130 Miller Act 320 Assault, Libel & Slander 368 Asbestos Personal Injury Product Liability
140 Negotiable Instrument 330 Federal Employers' Liability 370 Other Fraud
150 Recovery of Overpayment & Enforcement of Judgment 340 Marine 371 Truth in Lending
151 Medicare Act 345 Marine Product Liability 380 Other Personal Property Damage
152 Recovery of Defaulted Student Loans (Excl. Veterans) 350 Motor Vehicle 385 Property Damage Product Liability
153 Recovery of Overpayment of Veteran's Benefits 355 Motor Vehicle Product Liability
160 Stockholders' Suits 360 Other Personal Injury
190 Other Contract
195 Contract Product Liability
196 Franchise
REAL PROPERTY CIVIL RIGHTS PRISONER PETITIONS
210 Land Condemnation 441 Voting 510 Motions to Vacate Sentence
220 Foreclosure 442 Employment 530 General
230 Rent Lease & Ejectment 443 Housing/Accommodations 535 Death Penalty
240 Torts to Land 444 Welfare 540 Mandamus & Other
245 Tort Product Liability 445 Amer. w/Disabilities - Employment 550 Civil Rights
290 All Other Real Property 446 Amer. w/Disabilities - Other 555 Prison Condition
440 Other Civil Rights

V. ORIGIN (Place an "X" in One Box Only)
1 Original Proceeding 2 Removed from State Court 3 Remanded from Appellate Court 4 Reinstated or Reopened 5 Transferred from another district (specify) 6 Multidistrict Litigation 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION
Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
Brief description of cause:

VII. REQUESTED IN COMPLAINT:
CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY
(See instructions): JUDGE DOCKET NUMBER

DATE SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY
RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I. (a) Plaintiffs-Defendants. Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

II. Jurisdiction. The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

III. Residence (citizenship) of Principal Parties. This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. Nature of Suit. Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

V. Origin. Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

VI. Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553

Brief Description: Unauthorized reception of cable service

VII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

VIII. Related Cases. This section of the JS 44 is used to reference related pending cases if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.