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U.S. DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
FILED
OCT 12 2001
CLERK, U.S. DISTRICT COURT
By _____
Deputy

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

MARK STEVEN SNADER, individually and
d/b/a e-highyields.com and THE HIGH YIELD
CLUB,

Defendant.

Cause No.:

3 - 0 1 C V 2 0 6 2 - X

COMPLAINT

The United States Securities and Exchange Commission ("Commission") files this Complaint against Defendant Mark Steven Snader ("Snader"), individually and doing business as e-highyields.com and The High Yield Club, and would respectively show the Court as follows:

SUMMARY

1. From October 2000 through at least July 2001, Mark Steven Snader, has fraudulently conducted business on the Internet as an unregistered broker-dealer, specializing in so-called "high yield investments." Operating initially through his Internet website, e-highyields.com, Snader steered investors to various "prime bank" and similar investments promising extraordinary returns of 60% to 208% annually. In approximately March 2001, Snader expanded his brokerage operations by soliciting e-highyields members to join his High Yield Club, which operated similarly to e-highyields, except that members sent their investment monies directly to Snader, earmarked for him to invest in companies he recommended.

2. In connection with both e-highyields and the High Yield Club, Snader disseminated fraudulent statements to investors about the scope, nature and expertise of his broker-dealer business. As more fully set forth herein, Snader claimed to have a team with 25 years of investment experience that performed extensive due diligence in connection with each investment recommendation. In reality, Snader, was the sole operator of e-highyields and the High Yield Club, and he failed to perform any additional or independent verification of issuers' claims. Moreover, Snader had virtually no investment experience or acumen.

3. Under both e-highyields and the High Yield Club, Snader received transaction-based commissions for investments made by his investors. In just 10 months of operation, Snader enticed some 400 investors to join e-highyields and/or the High Yield Club, who made as many as 320 high-yield investments totaling approximately \$200,000, based on Snader's recommendations.

4. By reason of the Defendant's conduct, as detailed in this Complaint, Defendant Snader has violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)]; Sections 15(a)(1) and 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§78o(a)(1) and 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

JURISDICTION AND VENUE

5. The Commission is an agency of the United States of America established by Section 4(a) of the Exchange Act [15 U.S.C. §77d(a)].

6. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. §77t(b)], and by Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)], to enjoin the Defendant from future violations of the federal securities

laws. The Commission also seeks an accounting and disgorgement of ill-gotten gains from the Defendant, plus prejudgment interest, and civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)].

7. This Court has jurisdiction over this action, and venue is proper, pursuant to Sections 20(d) and 22(a) of the Securities Act [15 U.S.C §§ 77t(d) and 77v(a)], and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78t(d), 78t(e) and 78aa].

8. The Defendant, directly or indirectly, made use of the means or instruments of transportation and communication, and the means and instrumentalities of interstate commerce or of the mails, in connection with the transactions, acts, practices and courses of business alleged in this Complaint. Certain of the transactions, acts, practices and courses of business alleged herein took place in the Northern District of Texas.

9. Venue is proper in the Northern District of Texas 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].

DEFENDANT

10. **MARK STEVEN SNADER**, age 45, during all relevant times resided, and is believed to currently reside, in Stevens, Pennsylvania. A truck-driver and welder by trade, the Defendant has never been registered with the Commission in any capacity, or with any state's Securities Board.

FACTUAL BACKGROUND

11. In order to generate commissions, Snader had to convince prospective investors to rely on his brokerage advice. To this end, he designed the e-highyields website to seemingly offer unbiased and professional financial advice, and disseminated a steam of false information

about the scope, nature and expertise of his broker-dealer business. For example, Snader claimed he had assembled a team with 25 years of investment experience which conducted extensive due diligence for every investment recommended to investors. Likewise, Snader claimed that only “credible and viable” investments that had a “successful track record” and scored well on his investment rating system would be recommended to members. Moreover, he claimed “80% of the programs we recommend succeed.” To further encourage investments through his broker-dealer business, Snader maintained that e-highyield’s network of consultants perceived economic warning signals long before the general public, and that he would share these signals with members for their financial benefit.

12. Snader enticed individuals to sign up as members by offering free memberships, and claimed that only members would have access to the members-only page, which offered high-yield investment opportunities.

13. e-highyield members invested directly with the issuer, often *via* a hyperlink on the e-highyields website. Throughout his website, Snader repeatedly encouraged his members to name him as their sponsor when they invested. Snader earned commissions of approximately 10% from issuers for such investments. Snader charged High Yield Club members a 10% commission on any transaction he performed for them, and also charged an additional and undisclosed 5% commission on investment returns.

14. Contrary to Snader’s numerous claims regarding his experienced team of consultants and the extensive due diligence underlying his recommendations, Snader was the sole operator, owner and employee of e-highyields and the High Yield Club. Snader operated e-

highyields and the High Yield Club from his home computer, and there was no “team with 25 years of experience” advising or assisting him.

15. Also in sharp contrast to his claims concerning his own qualifications in the investment arena, Snader had virtually no investment experience or acumen. In fact, Snader’s investment experience was limited to less than two years of making his own “high yield” investments. Moreover, Snader’s education and work experience were also unrelated to his brokerage activities—he had a high school education and had been employed as a truck-driver and as a welding shop foreman and manager. Nonetheless, Snader claimed to investors that he had been employed as a purchasing manager for one of the “top 50 corporations in the world” and was responsible for managing an \$11,000,000 budget.

16. Worse yet, Snader never disclosed to investors that he was convicted of two felonies in 1997 and had declared bankruptcy in 2000.

17. In addition, although many of the investments Snader recommended were laden with risk, the minimal risk disclosures that he made were obfuscated by his hype and ratings. Contrary to his false claims that recommendations were based upon extensive due diligence, Snader had no reasonable basis to make certain of these recommendations. Unknown to investors, his recommendations were merely regurgitations of the issuers’ promotional materials and Internet investment newsletters. Routinely, Snader failed to perform any additional, or independent, investigation of the issuers’ claims.

18. During testimony before Commission staff in June 2001, Snader claimed he would cease all activities and return the High Yield Club investors’ funds. To the contrary,

Snader failed to return investors' funds and continued raising additional funds from new investors.

CAUSES OF ACTION

COUNT ONE

Violations Of Section 10(b) of the Exchange Act And Rule 10b-5 Thereunder

19. The Commission realleges and restates the matters set forth in Paragraphs 1 through 18 of this Complaint and incorporates by reference those matters as if set forth herein *verbatim*.

20. Snader, directly and indirectly, has been using and, unless enjoined, will continue to use the means and instrumentalities of interstate commerce and the Internet:

- a) to employ devices, schemes and artifices to defraud;
- b) to make untrue statements of material facts and to omit 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) to engage in acts, practices and courses of business which operate as a fraud and deceit upon purchasers, prospective purchasers and other persons, in connection with the purchase and sale of securities.

21. When Snader engaged in the conduct set forth above, he did so intentionally, knowingly and/or recklessly.

22. By reason of the foregoing, Snader acted with *scienter*.

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

COUNT TWO
Violations Of Section 17(a)(1) Of The Securities Act

24. The Commission realleges and restates the matters set forth in Paragraphs 1 through 18 of this Complaint and incorporates by reference those matters as if set forth herein *verbatim*.

25. Snader has, in the offer and sale of securities, used, and unless enjoined will continue to use, the means and instruments of transportation and communication in interstate commerce and the Internet, directly and indirectly:

- a) to employ devices, schemes or artifices to defraud;
- b) to obtain money or property by means of untrue statements of material fact or omissions to state material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and
- c) to engage in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

26. When Snader engaged in the conduct set forth above, he did so intentionally, knowingly and/or recklessly.

27. By reason of the foregoing, Snader acted with *scienter*.

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

COUNT THREE
Violations Of Section 17(a)(2) and (3) of the Securities Act

29. The Commission realleges and restates the matters set forth in Paragraphs 1 through 18 of this Complaint and incorporates by reference those matters as if set forth herein *verbatim*.

30. Snader has, in the offer and sale of securities, used, and unless enjoined will continue to use, the means and instruments of transportation and communication in interstate commerce and the Internet, directly and indirectly:

- a) to employ devices, schemes or artifices to defraud;
- b) to obtain money or property by means of untrue statements of material fact or omissions to state material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and
- c) to engage in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

31. When Snader engaged in the conduct set forth above, he did so negligently.

32. By reason of the foregoing, Snader has violated, and unless enjoined, will continue to violate Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2) and (3)].

COUNT FOUR
Violations of Section 15(a)(1) of the Exchange Act

33. The allegations of paragraphs 1 through 18, above, are realleged and incorporated herein by reference.

34. At the times alleged in this Complaint, Snader has engaged in the business of effecting transactions in securities for the accounts of others through e-highyields and the High Yield Club.

35. Snader made use of the mails and of the means and instrumentalities of interstate commerce to effect transactions in, and to induce or attempt to induce the purchase of, the securities described herein.

36. Neither Snader, e-highyields.com nor the High Yield Club were registered as brokers or dealers with the Commission, in accordance with Section 15(b) of the Exchange Act [15 U.S.C. 78o(b)].

37. By reason of the foregoing, Snader has, directly and through e-highyields.com and the High Yield Club, violated and, unless enjoined, will continue to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. §78o(a)(1)].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Securities and Exchange Commission prays for judgment as follows:

1. an order permanently enjoining Defendant Mark Steven Snader, his agents, servants, employees, attorneys and all persons in active concert or participation with them who receive actual notice of the temporary restraining order and/or injunction by personal service or otherwise, and each of them, from future violations of Sections 17(a) of the Securities Act, [15 U.S.C. §§ 77q(a)], Sections 15(a)(1) and 10(b) of the Exchange Act [15 U.S.C. 15 U.S.C. §§ 78o(a)(1) and 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

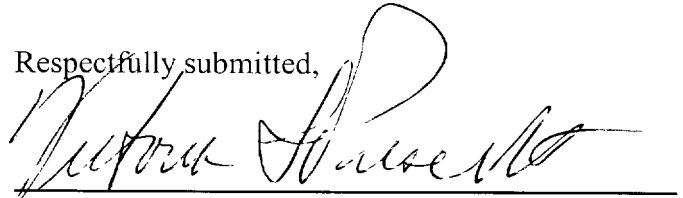
2. an order that Defendant Snader shall prepare an accounting, under oath, within fourteen days of the issuance of the relief herein, detailing all investor monies and other benefits he received, directly and indirectly, from, or as a result of, the activities alleged in the Complaint, and the disposition of those monies and benefits;

3. an order that Defendant Snader disgorge any monies or other assets received from, or as a result of, the activities alleged in the Complaint, plus prejudgment interest on that amount;

4. an order that Defendant Snader pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] for the violations alleged herein; and

5. an order providing for such other and further relief as the Court may deem just and proper.

Respectfully submitted,



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Dated this 12th day of October, 2001.