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U.S. DISTRICT COURT

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

SECURITIES AND EXCHANGE)
COMMISSION)
)
Plaintiff)
)
v.)
)
ROGER A. HOUSEHOLDER,)
APEX CAPITAL MANAGEMENT)
CORPORATION, APEX LIMITED)
PARTNERSHIP, HOUSEHOLDER)
ACCOUNTING, INC AND AAPEX)
EQUITY ADVISORS, INC.)
)
Defendants.)

DOCKETED
JUN 11 2002

Case No: JUDGE MANNING

02C 4128

MAGISTRATE JUDGE
GERALDINE SOAT BROWN

COMPLAINT FOR TEMPORARY RESTRAINING ORDER,
PRELIMINARY AND PERMANENT INJUNCTIONS,
AND OTHER EQUITABLE RELIEF

Plaintiff, the United States Securities and Exchange Commission ("Commission"),
alleges as follows:

INTRODUCTION

1. This action arises from a series of frauds, one of which is ongoing; the rest of which have ended. From 1991 to March 2000, defendant Roger A. Householder ("Householder"), generally acting through his accounting firm, defendant Householder Accounting, Inc. ("Householder Accounting"), and an investment advisory firm he registered with the Commission, defendant Aapex Equity Advisors, Inc. ("Aapex Advisors"), engaged in a series of fraudulent schemes by making misrepresentations and omissions of material facts to investment advisory clients, recommending that they purchase various securities, including interests in three investment funds, treasury bills and promissory notes. In each case,

Householder did not invest the money as he had represented, but misappropriated it to his own purposes. More than 30 advisory clients lost more than \$2.3 million in these earlier fraudulent schemes. (The allegations relating to this earlier series of frauds are set forth below at paragraphs 12 to 68). Now again, beginning in December 2001 and continuing to the present, Householder is raising money by making misrepresentations and omissions of material facts through his association with an investment adviser recently registered with the Commission, defendant Apex Capital Management Corporation (“Apex Capital”), and a related unregistered investment fund, defendant Apex Limited Partnership (“Apex L.P.”). Since December 2001, Householder, Apex Capital and Apex L.P. have raised \$600,000 from 4 investors, and have raised at least another \$192,000 from unknown sources. (The allegations relating to this ongoing fraud are set forth below at paragraphs 69 to 76).

2. Householder, Apex Capital, Apex L.P., Householder Accounting, and Apex Advisors directly and indirectly, engaged in and, unless enjoined, will continue to engage in transactions, acts, practices and courses of business which are violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”)[15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”)[15 U.S.C. § 78j(b)], Rule 10b-5 promulgated thereunder [17 C.F.R. 240.10b-5], Sections 206(1), 206(2), 206(4) and 207 of the Investment Advisers Act of 1940 (“Advisers Act”)[15 U.S.C. §§ 80b-6(1), 80b-6(2), 80b-6(4) and 80b-7] and Rule 206(4)-4 promulgated thereunder [17 C.F.R. 275.206(4)-4].

3. The Commission brings this action to enjoin such transactions, acts, practices and courses of business and for other relief, pursuant to Sections 20(b) and 20(d) of the Securities Act [15 U.S.C. § 77t(b) and § 77t(d)], Sections 21(d) and 21(e) 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) and § 80b-9(e)].

JURISDICTION

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

5. Defendants, directly and indirectly, made use of the means and instrumentalities of interstate commerce and of the mails in the Northern District of Illinois, and elsewhere, in connection with the transactions, acts, practices and courses of business alleged herein.

6. Defendants 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.

THE DEFENDANTS

7. Householder, age 49, is a resident of Park Ridge, Illinois and a licensed certified public accountant in the State of Illinois. Between 1991 and March of 2000, Householder provided accounting, tax and investment advisory services through his firm, Householder Accounting.

8. Apex Capital is an Illinois corporation and an investment adviser that registered with the Commission on December 7, 2001. Householder arranged for Apex Capital's formation, was its Director of Operations, its Accounting Director, and effectively runs the business. On May 31, 2002, Apex Capital filed a Form ADV-W, advising that it sought to withdraw its registration with the Commission.

9. Apex L.P. is an Illinois limited partnership and hedge fund whose interests are being sold by Householder and Apex Capital. (A hedge fund is an unregistered investment fund that pools its investors' assets and uses them to buy and sell securities). According to its offering documents, Apex L.P. invests its assets alternately between cash and various mutual funds, as determined by a market-timing model run by Apex Capital. Apex Capital is the sole general partner of Apex L.P., is its investment adviser and is responsible for all of Apex L.P.'s investment decisions.

10. Householder Accounting is an Illinois corporation with its principal place of business currently at Householder's home in Park Ridge, Illinois. From at least 1991 through March 2000, Householder provided accounting, tax and investment services through Householder Accounting. Householder continues to provide accounting and tax services through this company. Householder is Householder Accounting's President and sole shareholder.

11. Apex Advisors is an Illinois corporation that registered with the Commission as an investment advisor in December 1998. Householder is President of Apex Advisors, is one of its directors and makes all of its investment decisions.

THE FRAUDULENT SCHEMES

12. Beginning in at least 1991, and continuing through March of 2000, Householder acted as investment adviser to a number of his accounting clients and acquaintances, recommending that they allow him to manage their assets or purchase securities through him and his accounting firm. Householder and Householder Accounting conducted a series of schemes to defraud these advisory clients by making fraudulent misrepresentations and omissions of material fact in connection with the offer and sale of securities and when advising these clients with respect to the management of their investments.

13. Householder used his position of trust as their accountant to learn of his clients' finances, typically advising them that they could earn a better rate of return by investing through him and Householder Accounting. In most cases, his clients advised Householder that they wanted a safe investment. Householder then recommended one or more of several securities as potential investments to his clients, or induced them to allow him to manage all or a part of their assets.

14. In advising his clients to purchase securities or to invest with him, Householder made a number of oral misrepresentations and omissions of material fact, described more fully below, and in almost every case, Householder told a slightly different story. However, Householder consistently misrepresented or omitted to state material facts about the existence of the issuer of the security being offered, the uses of his clients' assets, and, frequently, the safety of the investment.

15. After their purchase, Householder sent many of his clients fraudulent account statements that purported to advise them of the value of their investments, nearly always showing they had earned profits. Householder also made oral representations about the profits being earned by his clients. These statements were false, as Householder had not invested the clients' assets as represented.

16. None of the money Householder obtained from his advisory clients was invested as stated, and no investment for the benefit of his clients was ever made. Instead, Householder misappropriated all of their assets and used them for his own purposes, including using new client money to make payments to earlier clients, as in a Ponzi scheme, in order to give the false illusion that their investments were successful.

17. Between 1991 and March of 2000, at least 30 people invested and lost more than \$2.3 million in Householder's fraudulent schemes, as described more fully below.

Householder's Fraudulent Promissory Note Offerings

18. Householder recommended to several of his advisory clients that they purchase promissory notes, representing that these notes would earn favorable rates of return (typically 10-15% per year) and that they were "safe," "guaranteed" or "fully secured."

19. At least four of Householder's clients invested more than \$852,000 in such promissory notes.

20. The clients invested through Householder Accounting. After the investment, Householder provided his clients with account statements that purported to show the value of their investment, which had grown due to the interest received on the notes. As a result, nearly all of his clients elected to "roll over" these notes from year to year, keeping their money invested with Householder and Householder Accounting.

21. Householder represented that these promissory notes were actual notes issued by various companies, with the investment proceeds going to those entities, presumably to earn money to pay the interest of 10-15% per year.

22. In fact, the proceeds of the sale of these notes did not go to the purported issuers of the notes, but were misappropriated by Householder through Householder Accounting.

23. Householder also misrepresented the safety of these notes, since the notes merely served as a conduit for Householder's misappropriation and therefore, they could not be "safe," "guaranteed" or "fully secured" by the issuers business.

24. Householder, through Householder Accounting, made a number of payments to the purchasers of these notes using other client money in order to give the false illusion that their investments were profitable.

25. Of the \$852,000 in notes sold by Householder, investors lost more than \$395,000.

**Householder's Fraudulent Scheme
Involving the Capital Enhancement Investment Fund.**

26. Capital Enhancement was incorporated by Householder in June of 1996 as an Illinois limited liability company and was dissolved by the State of Illinois in November of 1997.

27. Householder told his clients that Capital Enhancement was an investment fund that would pool his client's investment to trade securities and he recommended Capital Enhancement as an investment to a number of these clients. Householder offered and sold most of the interests in Capital Enhancement to his advisory clients after it had already been dissolved.

28. Between October 1997 and January 1999, Householder offered and sold more than \$1.22 million in interests in Capital Enhancement to 14 advisory clients.

29. Of these 14 clients, 11 followed Householder's suggestion to use their retirement plan money (e.g., money in a self-directed IRA or a Keogh plan) to make the investment.

30. Householder helped his clients set up their retirement plans and then prepared the documents necessary for the plan to purchase shares of Capital Enhancement. Householder then obtained checks made out to Capital Enhancement from the plan's custodian, or directly from his clients, and deposited them in a checking account in the name of Capital Enhancement.

31. Householder made numerous misrepresentations and omissions in order to induce his clients to purchase interests in Capital Enhancement.

32. First, Householder misrepresented the existence and business of Capital Enhancement to his clients, typically advising them that it was an operating, profitable fund,

“like a mutual fund,” that it traded securities and that Householder managed the fund. In reality, Capital Enhancement did not even exist, having been dissolved by the state, was not trading securities or conducting any other business.

33. Second, Householder misrepresented the use of investment proceeds, stating that his clients’ investments would go to Capital Enhancement and be used to trade securities.

34. In reality, Householder’s representations about the use of funds were false. Rather than use the \$1.22 million investment proceeds to make investments for the benefit of his clients, Householder misappropriated these funds for his own use, transferring more than \$130,000 to himself, \$356,000 to Householder Accounting, and transferring an additional \$244,000 to two financially troubled bagel companies that Householder owned or in which he held an interest. These entities were Glass City Bagels, Inc. and Heartland Bagels, Inc. (“the Bagel Companies”). Householder was president of the Bagel Companies and sole owner of Glass City Bagels. Both of these entities went out of business during 1998.

35. Householder also misappropriated more than \$100,000 of Capital Enhancement proceeds and transferred it to Aapex Advisors. Householder, acting thorough Aapex Advisors, then used this money as the investment advisers’ required start-up capital for the newly created Aapex Fund. Thos money was then lost through Householder’s fraudulent trading on behalf of the fund. (See ¶¶ 59 to 68 below). Householder also used more than \$260,000 of Capital Enhancement money to make payments to earlier clients to give the false illusion that their investments were successful.

36. Third, Householder misrepresented the safety of investing in Capital Enhancement when he advised a number of his clients that Capital Enhancement was a “safe” and “liquid” investment. These representations were also false, as Capital Enhancement was the

opposite of a safe, liquid investment, being instead just a front for Householder's fraudulent scheme.

37. Finally, Householder misrepresented the value of his clients' interests in Capital Enhancement by making oral statements and by sending account statements that represented that their investments existed and had earned profits, when in fact, they were worthless. As a result of this fraudulent scheme, Householder's clients lost approximately \$1.115 million.

**Householder's Fraudulent Scheme
Involving Aapex Advisors, an Investment Adviser Registered With the Commission**

38. Aapex Advisors was formed by Householder in November of 1998 and became the investment adviser for the Aapex Fund in December of 1998. Householder arranged for Aapex Advisors to be registered as an investment adviser with the Commission in December 1998.

39. From July 1998 to May of 1999, Householder offered and sold interests in Aapex Advisors to four of his advisory clients who invested a total of \$155,000.

40. Householder made misrepresentations and omissions of material fact in order to induce his clients to purchase interests in Aapex Advisors. Householder did not tell these clients that they were investing in a registered investment adviser, but instead, stated that Aapex Advisors was an investment fund that would use their investment dollars to trade securities.

41. This representation was false, as Aapex Advisors either did not exist (for those clients who purchased interests before November 1998) or was conducting business as the investment adviser to the Aapex Fund, a registered investment company.

42. Householder's representation that Aapex would use his clients' assets to trade securities was also false, as in reality, Aapex Advisors never used its assets to trade securities.

43. Of the \$155,000 invested into Apex Advisors, Householder transferred more than \$130,000 to himself, Householder Accounting, the Bagel Companies and to pay other non-Apex Advisor clients. The remaining money was spent on the business expenses of the Apex Fund and Apex Advisors.

44. Householder also misrepresented the safety of this investment, as it had no chance of producing a profit for his clients, being merely a conduit for money in Householder's fraudulent scheme.

45. Householder's clients who invested in Apex Advisors lost all \$155,000 of their investment.

**Householder's Fraudulent Scheme
Involving The Tarusa Commodity Group**

46. Taursa Commodity Group ("Taursa"), a limited partnership, was originally formed as a commodities pool by Householder in the mid-1980s and it briefly traded commodities.

47. Between 1991 and March 2000, at least five of Householder's clients invested more than \$66,000 dollars in Taursa.

48. Householder misrepresented and omitted to disclose material facts about the use of investment proceeds and the safety of this investment in order to induce his clients' to invest in Taursa and sent them false account statements after they invested.

49. Householder represented to investors that Taursa was an investment fund and that it would use his clients' assets to trade commodities with the idea of making a profit. These representations were false however, as rather than trade commodities or make any other investment for the benefit of his clients, Householder misappropriated all of the \$56,000 invested in Taursa.

50. Householder also misrepresented the likelihood Taursa would make a profit, as it had no chance of producing a profit, being merely a conduit for money in Householder's fraudulent scheme.

51. Householder misrepresented to the investors the value of their interests in Taursa by sending them account statements that purported to advise them as to the value of their investments, showing that they had earned profits when in fact their investments were worthless.

**Householder's Fraudulent Scheme
in Connection with the Purchase of Treasury Bills for an Advisory Client.**

52. In May 1999, Householder discussed the advantages of purchasing Treasury Bills with one his advisory clients and advised her that he would call her when he believed it was the right time for her to purchase Treasury Bills. Shortly thereafter, Householder called the client and represented that he had purchased \$70,000 in Treasury bills for her through Householder Accounting. Householder directed the client to write a \$70,000 check, payable to Householder Accounting, as payment for the Treasury Bills.

53. Householder then deposited the check in the account of Householder Accounting and misappropriated the money, to pay himself, one of the Bagel Companies, and to make an interest payment to one of the promissory note investors.

54. Householder never purchased the Treasury bills as represented, and his client lost her entire \$70,000 investment.

**Householders Investment Advisory Fraud
Against His Accounting Clients**

55. Between 1991 and March of 2000, Householder persuaded three elderly clients to allow him to manage their assets with complete discretion to select the investments.

56. Householder took advantage of his position of trust as their accountant in order to induce clients to allow him to be their investment adviser. In this way, Householder obtained control of more than \$1.3 million.

57. Householder then transferred most of these assets to Householder Accounting, and spent it for his own use.

58. While Householder later orally represented to these clients that their investments were doing well, in each case, Householder did not make investments for the clients as stated, but misappropriated their assets. While Householder did pay much of these clients' assets back to them, part of these payments came from other advisory clients, as in a Ponzi scheme. Householder's clients lost more than \$ 514,000 in this fraudulent scheme.

**Householder's Investment Advisory Fraud
In Connection With the Aapex Fund**

59. Householder, acting through his registered investment advisory firm, Aapex Advisors, also committed fraud in connection with advisory services provided to the Aapex Fund, a registered investment company.

60. Householder formed and ran Aapex Advisors, an investment adviser registered with the Commission since December 1998. Aapex Advisors was the investment adviser to the Aapex Fund, purportedly a diversified investment company registered with the Commission.

61. Householder was President of both the Aapex Fund and of Aapex Advisors, and through Aapex Advisors, was responsible for making all of the investment decisions for the fund.

62. During the first five months of 1999, five outside investors invested a total of \$19,888 in the Aapex Fund, and \$100,000 was provided by Aapex Advisors as the required "seed money" under Section 14(a) of the Investment Company Act. As alleged above in

paragraph 35, Householder misappropriated this seed money from other investors in his Capital Enhancement scheme.

63. The Aapex Fund's registration statement, filed with the Commission, is dated January 14, 1999, was signed by Householder, and incorporated the Aapex Fund's Prospectus and Statement of Additional Information.

64. The registration statement states, under the heading "Investment Objectives and Policies," that: "The Fund is a diversified mutual fund whose primary investment objective is growth of capital. The Fund seeks to achieve its objective by investing primarily in a diversified portfolio of common stock and securities convertible into common stock. There can be no assurance that the Fund's investment objective will be achieved. Diversification means limiting the amount of Fund assets invested in any one issuer and limiting the amount of Fund assets invested in any one industry, thereby reducing the risks of losses incurred by that issuer or industry." (Emphasis added).

65. In addition, the registration statement contained a series of restrictions on the Aapex Fund's investments, stating, that the fund would not: (1) invest more than 25% of its total assets in the securities of a single industry; (2) as to the remaining 75% of its assets, invest more than 5% in the assets of single issuer; and (3) make short sales of securities that exceeded 25% of its total assets, and would only make short sales if it maintained a segregated account of cash or other liquid debt securities in an amount equal to such short sales.

66. Shortly after starting the Aapex Fund, Householder, through Aapex Advisors, began trading on behalf of the fund in violation of the restrictions set forth above and, within four months, had lost all of the funds' assets through such prohibited trading.

67. Much of Householder and Apex Advisors' prohibited trading was in obvious and egregious violation of the trading restrictions. For example, on May 18, 19 and 27, Householder engaged in day-trading that resulted in roughly 2500%, 2700%, and 4700% respectively of the fund's total assets being invested in the securities of a single issuer, thus violating both of the above mentioned restrictions on concentration of assets (i.e., investing more than 25% of the fund's assets in a single industry and, as to the remaining 75% of the fund's assets, investing more than 5% in the securities of a single issuer). In addition, on May 20th, Householder sold short securities equal to approximately 60% of the funds assets, without even bothering to open the required segregated account to cover the sales, thus violating the restrictions on short selling.

68. Householder's trading substantially increased the risk of investing in the Apex Fund over that represented in the prospectus and statement of additional information, and quickly resulted in the loss of all of the fund's assets.

**Householder's Current, Ongoing Fraud
in the Offer and Sale of Interests In Apex L.P.**

69. Beginning in or about December 2001, Apex Capital was registered as an investment adviser with the Commission. On its Form ADV (the form used to register with the Commission) Apex Capital lists Householder as "Accounting Director," and contact person. However, Householder runs Apex Capital, and is effectively its president.

70. Apex Capital is the sole general partner and investment adviser for Apex L.P., an unregistered investment fund that Householder and Apex Capital offered and sold to their advisory clients.

71. Apex L.P. is an investment fund that invests in either cash or various mutual funds, determined by a market-timing model run by Apex Capital.

72. Apex L.P. investors received offering documents advising them that Householder is one of the principals of Apex Capital, and describing Householder's qualifications and background.

73. These offering documents represent, among other things, that Householder has substantial experience in the securities and commodities industry. The offering documents do not make any reference to Householder's prior disciplinary history, failing to disclose that in October of 2000, the State of Illinois found that Householder violated the Illinois securities laws and permanently prohibited Householder from "[o]ffering or selling securities in or from the State of Illinois," and from "[r]endering investment advice for a fee in or from the State of Illinois."

74. Through the use of this false offering document, Householder, Apex Capital and Apex L.P. have fraudulently raised more than \$600,000 from at least 4 investors to whom they sold Apex L.P. securities.

75. Householder, Apex Capital and Apex L.P. have raised at least an additional \$192,000 from unknown sources.

76. Householder and Apex Capital also failed to disclose the State of Illinois findings and order against prohibition against Householder on Apex Capital's Form ADV.

COUNT I
Violations of Section 17(a)(1) of the Securities Act

77. Paragraphs 1 through 76 are realleged and incorporated by reference as though fully set forth herein.

78. During the periods alleged above, Householder, Apex Capital, Apex L.P., Householder Accounting and Apex Advisors, in connection with the offer and sale of securities, by the use of the means and instruments of transportation and communication in interstate

commerce and by use of the mails, directly and indirectly, have employed and are employing devices, schemes and artifices to defraud.

79. Householder, Apex Capital, Apex L.P., Householder Accounting and Aapex Advisors, knew or were reckless in not knowing of the activities described in paragraphs 77 to 78 above.

80. By reason of the activities described in paragraphs 77 through 79 above, Householder, Apex Capital, Apex L.P., Householder Accounting and Aapex Advisors violated Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)].

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

81. Paragraphs 1 through 76 are realleged and incorporated by reference as though fully set forth herein.

82. During the periods alleged above, Householder, Apex Capital, Apex L.P., Householder Accounting and Aapex Advisors, in connection with the offer and sale of securities, by the use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, have obtained money and property by means of untrue statements of material facts and have and are omitting 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 have engaged and are engaging in transactions, acts, practices and courses of business which operated and will operate as a fraud and deceit upon the purchasers.

83. By reason of the activities described in paragraphs 81 and 82 above, Householder, Apex Capital, Apex L.P., Householder Accounting and Aapex Advisors violated Section 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT III

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

84. Paragraphs 1 through 76 are realleged and incorporated by reference as though fully set forth herein.

85. During the periods alleged above, Householder, Apex Capital, Apex L.P., Householder Accounting and Aapex Advisors in connection with the purchase and sale of securities, by the use of means or instrumentalities of interstate commerce and of the mails, directly or indirectly, have employed and are employing devices, schemes, and artifices to defraud; have made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and engaged in acts, practices or courses of business which would and did operate as a fraud or deceit upon the purchasers and sellers of such securities.

86. Householder, Apex Capital, Apex L.P., Householder Accounting and Aapex Advisors knew or were reckless in not knowing of the activities described in paragraphs 84 and 85 above.

87. By reason of the activities described in paragraphs 84 through 86 above, Householder, Apex Capital, Apex L.P., Householder Accounting and Aapex Advisors violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)], Rule 10b-5 promulgated thereunder [17 C.F.R. 240.10b-5].

COUNT IV
Violations of Sections 206(1) of the Advisers Act

88. Paragraphs 1 through 76 are realleged and incorporated by reference as though fully set forth herein.

89. During the relevant period, while acting as an investment adviser, Householder, Apex Capital, Householder Accounting and Aapex Advisors, by use of the mails and the means and instrumentalities of interstate commerce, directly or indirectly: employed devices, schemes or artifices to defraud clients and prospective clients.

90. Householder, Apex Capital, Householder Accounting and Aapex Advisors knew or was reckless in not knowing of the activities described in paragraphs 88 and 89 above.

91. By reason of the activities described in paragraphs 88 through 90 above, Householder, Apex Capital, Householder Accounting and Aapex Advisors violated Section 206(1) of the Advisers Act [15 U.S.C. §80b-6(1)].

COUNT V
Violations of Sections 206(2) of the Advisers Act

92. Paragraphs 1 through 76 are realleged and incorporated by reference as though fully set forth herein.

93. During the relevant period, while acting as an investment adviser, Householder, Apex Capital, Householder Accounting, and Aapex Advisors, by use of the mails or the means or instrumentalities of interstate commerce, directly or indirectly: employed devices, schemes or artifices to defraud clients and prospective clients; or engaged in transactions, practices, and courses of business which operated as a fraud or deceit upon clients and prospective clients.

94. By reason of the activities described in paragraphs 92 through 93 above, Householder, Apex Capital, Householder Accounting and Apex Advisors violated Section 206(2) of the Advisers Act [15 U.S.C. §80b-6(2)].

COUNT VI
Violations of Section 206(4) of the Advisers Act And Rule 206(4)-4 Thereunder

95. Paragraphs 69 through 76 are realleged and incorporated by reference as though fully set forth herein.

96. During the relevant period, while acting as an investment adviser, Householder and Apex Capital, by use of the mails or the means or instrumentalities of interstate commerce, directly or indirectly: engaged in acts, practices, and courses of business which are fraudulent, deceptive and manipulative, as those terms have been defined by the Commission by rules and regulations.

97. By reason of the activities described in paragraphs 95 through 96 above, Householder and Apex Capital violated Section 206(4) of the Advisers Act [15 U.S.C. §80b-6(4)] and Rule 206(4)-4 thereunder [17 C.F.R. 275.206(4)-4].

COUNT VII
Violation of Section 207 of the Advisers Act

98. Paragraphs 69 through 76 are realleged and incorporated by reference as though fully set forth herein.

99. During the relevant period, Householder and Apex Capital willfully made untrue statements of material fact in Apex Capital's Form ADV filed with the Commission, and omitted to state material facts required to be stated therein.

100. By reason of the activities described in paragraphs 98 through 100 above, Householder and Apex Capital violated Section 207 of the Advisers Act [15 U.S.C. §80b-7].

WHEREFORE, the Commission requests that the Court:

I.

Find that defendants Householder, Apex Capital, Apex L.P., Householder Accounting and Apex Advisors committed the violations charged and alleged herein.

II.

Enter a temporary restraining order, and orders of preliminary and permanent injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, restraining and enjoining defendants Householder, Apex Capital and Apex L.P., and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of the foregoing who receive actual notice of such 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 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §77q(a)(1), §77q(a)(2) and §77q(a)(3)], Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)], Rule 10b-5 promulgated thereunder [17 C.F.R. 240.10b-5], Sections 206(1), 206(2), 206(4) and 207 of the Advisers Act [15 U.S.C. §§80b-6(1), 80b-6(2), 80b-6(4) and 80b-7] and Rule 206(4)-4 thereunder [17 C.F.R. § 275.206(4)-4].

III.

Enter a temporary restraining order and orders of preliminary and permanent injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, restraining and enjoining defendants Householder, Apex Capital, and Apex L.P., their officers, agents, servants, employees, attorneys and those persons in active concert or participation with them who receive actual notice of such orders, by personal service or otherwise, and each of them from, directly or indirectly:

A. transferring, selling, assigning, pledging, dissipating, concealing or otherwise disposing of in any manner, any funds, assets, accounts or other property belonging to, or directly or indirectly, in the possession, custody or control of defendants Householder, Apex Capital and Apex L.P., or in which these defendants have a beneficial interest, wherever located, included but not limited to the assets of Householder Accounting;

B. transferring, selling, assigning, pledging, dissipating, concealing or otherwise disposing of in any manner, any funds, assets, accounts or other property into which investor funds were deposited; and

C. destroying, mutilating, concealing, altering or disposing of, in any manner, any of the books, records, documents, correspondence, brochures, manuals, obligations, belonging to, or directly or indirectly in the possession, custody or control of defendants, in whatever form, including electronic, and wherever located.

IV.

Enter an order requiring defendants Householder, Apex Capital, and Apex L.P. to:

- A. provide the Commission, within 3 days of the issuance of the temporary restraining order, with: (1) an accounting of all of the funds received, directly or indirectly, from individuals who gave Householder, Apex Capital and Apex L.P. money for investment, the uses to which such funds were put, and the amounts of any remaining funds and their location; and (2) an accounting of the assets and liabilities of Householder, Apex Capital and Apex L.P. and their location;
- B. produce to the Commission, within 3 days of the issuance of the temporary restraining order, all books, records and other documents supporting or underlying the accounting provided to the Commission pursuant to paragraph IV.A. above; and
- C. produce to the Commission, within 3 days of the issuance of the temporary restraining order, all current accountant's reports, bank statements, documents indicating title to real or personal property, and any other indicia of ownership or interest in property of Householder, Apex Capital and Apex L.P., which indicia of ownership or interest are now in the Defendants' actual or constructive possession; provided, however, that nothing in the order shall be construed to require defendant Householder to abandon any constitutional or other legal privilege which he may have available to him.

V.

Enter an Order appointing a receiver to marshal and preserve and manage the assets of defendants Householder, Apex Capital and Apex L.P., including, without limitation, the assets of Householder Accounting.

VI.

Issue an order of permanent injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, restraining and enjoining defendants Householder, Householder Accounting and Apex Advisors and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of the foregoing who receive actual notice of such 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 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §77q(a)(1), §77q(a)(2) and §77q(a)(3)], Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)], Rule 10b-5 promulgated thereunder [17 C.F.R. 240.10b-5], Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§80b-6(1), 80b-6(2), 80b-6(4) and 80b-7].

VII.

Enter an Order requiring defendants to disgorge the ill-gotten gains that they received as a result of their wrongful conduct, including prejudgment interest.

VIII.

Enter an order imposing upon defendants Householder, Apex Capital, Householder Accounting and Apex Advisors appropriate civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)], Section 20(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)] and Section 209(e) of the Advisers Act [15 U.S.C. §80b-9(e)].

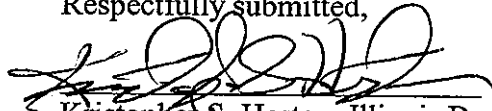
IX.

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

X.

Grant orders for such further relief as the Court deems appropriate.

Respectfully submitted,



Kristopher S. Heston, Illinois Bar No. 6204816

Pravin B. Rao, Illinois Bar No. 6230097

Attorneys for Plaintiff

Securities and Exchange Commission

175 W. Jackson Boulevard

Suite 900

Chicago, Illinois 60604-2615

(312) 353-7390

Dated: June 10, 2002

Cal #3

JS 44
(Rev. 12/96)

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

U.S. Securities and Exchange Commission

DEFENDANTS

Roger A Hauscholzer, Apex Capital Management Corporation, Apex Limited Partnership, House Accounting, Inc., Apex Equity Advisors, Inc.

02 JUN 10 AM 10
U.S. DISTRICT COURT

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF (EXCEPT IN U.S. PLAINTIFF CASES)

DOCKETED

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT (IN U.S. PLAINTIFF CASES ONLY)

Cook

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

JUN 11 2002

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)

175 W Jackson, Ste. 900
Chicago, IL 60604

ATTORNEYS (IF KNOWN)

Pravina Rao

JUDGE MANNING

MAGISTRATE JUDGE GERALDINE SOAT BROWN

02C 4128

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)

- | | | | | | |
|---|----------------------------|----------------------------|---|----------------------------|--------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in This State | <input type="checkbox"/> 4 | <input type="checkbox"/> |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> |

IV. 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

V. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 116 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 610 Selective Service <input checked="" type="checkbox"/> 650 Securities/Commodities/Exchange <input type="checkbox"/> 675 Customer Challenge 12 USC 3410
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 446 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence HABEAS CORPUS: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	PROPERTY RIGHTS <input type="checkbox"/> 620 Copyrights <input type="checkbox"/> 630 Patent <input type="checkbox"/> 640 Trademark	<input type="checkbox"/> 490 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 610 Selective Service <input checked="" type="checkbox"/> 650 Securities/Commodities/Exchange <input type="checkbox"/> 675 Customer Challenge 12 USC 3410 <input type="checkbox"/> 681 Agricultural Acts <input type="checkbox"/> 682 Economic Stabilization Act <input type="checkbox"/> 683 Environmental Matters <input type="checkbox"/> 684 Energy Allocation Act <input type="checkbox"/> 685 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice Act <input type="checkbox"/> 950 Constitutionality of State Statutes <input type="checkbox"/> 990 Other Statutory Actions
		<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	SOCIAL SECURITY <input type="checkbox"/> 661 HIA (1395ff) <input type="checkbox"/> 662 Black Lung (923) <input type="checkbox"/> 663 DIWC/DIWW (405(g)) <input type="checkbox"/> 664 SSID Title XVI <input type="checkbox"/> 665 RSI (405(g))	
		LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	FEDERAL TAX SUITS <input type="checkbox"/> 670 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 671 IRS - Third Party 26 USC 7609	

VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY.)

15 U.S.C. § 77e, 15 U.S.C. § 77e(b), 17 C.F.R. § 240.104-5, 15 U.S.C. § 80b-6(d)
 80b-6(2), 80b-6(4), 80b-7, 17 C.F.R. § 275.206(4)-4

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. This case is not a refiling of a previously dismissed action.

is a refiling of case number _____, previously dismissed by Judge _____

DATE

6/10/02

SIGNATURE OF ATTORNEY OF RECORD

Pravina Rao

1-2

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS**

Eastern Division

DOCKETED

JUN 11 2002

FILED-ED4
02 JUN 10 AM 10:35
CLERK
U.S. DISTRICT COURT
JUDGE MANNING

Case Number:

02C 4128

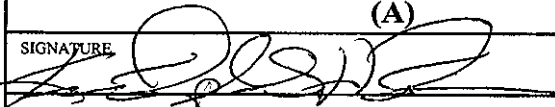
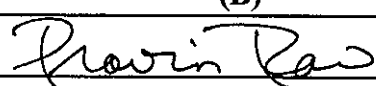
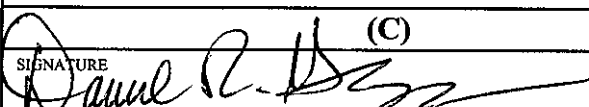
In the Matter of
SECURITIES AND EXCHANGE COMMISSION

V.
ROGER A. HOUSEHOLDER, APEX CAPITAL MANAGEMENT CORPORATION, APEX LIMITED PARTNERSHIP, HOUSEHOLDER ACCOUNTING, INC. AND AAPEX EQUITY ADVISORS, INC.

APPEARANCES ARE HEREBY FILED BY THE UNDERSIGNED AS ATTORNEY(S) FOR:

U. S. Securities and Exchange Commission

MAGISTRATE JUDGE
GERALDINE SOAT BROWN

(A)		(B)	
SIGNATURE 		SIGNATURE 	
NAME Kristopher S. Heston		NAME Pravin Rao	
FIRM U.S. Securities and Exchange Commission		FIRM U. S. Securities and Exchange Commission	
STREET ADDRESS 175 W. Jackson Blvd. Suite 900		STREET ADDRESS 175 W. Jackson Blvd. Suite 900	
CITY/STATE/ZIP Chicago, Illinois 60604		CITY/STATE/ZIP Chicago, Illinois 60604	
TELEPHONE NUMBER 312-886-1658	FAX NUMBER 312-353-3381	TELEPHONE NUMBER 312-353-7412	FAX NUMBER 312-353-3381
IDENTIFICATION NUMBER 6204816		IDENTIFICATION NUMBER 6230097	
MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		MEMBER OF TRIAL BAR? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
TRIAL ATTORNEY? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		TRIAL ATTORNEY? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	
		DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input type="checkbox"/>	
(C)		(D)	
SIGNATURE 		SIGNATURE	
NAME Daniel R. Gregus		NAME	
FIRM U. S. Securities and Exchange Comm.		FIRM	
STREET ADDRESS 175 West Jackson Blvd. Suite 900		STREET ADDRESS	
CITY/STATE/ZIP Chicago, Illinois 60604		CITY/STATE/ZIP	
TELEPHONE NUMBER 312-353-7390	FAX NUMBER 312-353-3381	TELEPHONE NUMBER	FAX NUMBER
IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE) 6193015		IDENTIFICATION NUMBER (SEE ITEM 4 ON REVERSE)	
MEMBER OF TRIAL BAR? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>		MEMBER OF TRIAL BAR? YES <input type="checkbox"/> NO <input type="checkbox"/>	
TRIAL ATTORNEY? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		TRIAL ATTORNEY? YES <input type="checkbox"/> NO <input type="checkbox"/>	
DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input type="checkbox"/>		DESIGNATED AS LOCAL COUNSEL? YES <input type="checkbox"/> NO <input type="checkbox"/>	