

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 10694 / September 24, 2019**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 87089 / September 24, 2019**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 5364 / September 24, 2019**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 33633 / September 24, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19509**

**In the Matter of**

**Scott G. Huish,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, SECTIONS 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, AND SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Scott G. Huish (“Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the

Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### Summary

This matter concerns Scott Huish's material misstatements to investors and prospective investors in HighStreet Founders, LLC ("Founders"), a pooled investment vehicle he managed. Specifically, from November 2014 through October 2016, Huish induced 19 investors to invest over \$2.5 million in Founders with the promise of returns generated from Founders' investment in Huish's investment adviser HighStreet Partners, LLC ("Partners"). Partners' profits were to be generated by its planned launch and management of numerous private equity funds (the "Funds") that had yet to be funded. In raising money from investors, Huish touted the imminent, sizeable investment in the Funds by a large investor that would springboard Partners into profitability, thereby providing returns to the investors in Founders. To induce investments in Founders, Huish misrepresented to investors and prospective investors, among other things, that (1) the Funds had hundreds of millions of dollars in committed capital, (2) the Funds had the right to exclusive deal flow on any deal arising from an international law firm that had thousands of attorneys in over 100 offices, and (3) that Partners had up to \$1 billion of assets under management. In the end, the hundreds of millions of dollars that Huish claimed was imminent never came. Huish used investor money to temporarily operate investment adviser Partners, which resulted in a total loss to investors. Huish also used Founders' investor money to pay his personal expenses.

In addition, in 2017 and 2018, Huish and Partners willfully and materially misstated Partners' regulatory assets under management ("RAUM"), falsely claiming in Forms ADV filed with the Commission that Partners had \$100 million of RAUM. In fact, Partners never had any RAUM.

#### Respondent

1. **Scott G. Huish**, age 39, is a resident of Massachusetts. Huish is the founder, managing director, and at all times was in exclusive control of, Founders and Partners. Huish was primarily responsible for operating and marketing Founders, Partners, and the Funds. Huish purported to have an approximately 89.9% interest in Partners. Though Huish never formally

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<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

calculated ownership interests in Founders, his records show he invested approximately 6.9% of the total amount raised.

### **Other Relevant Entities**

2. **HighStreet Founders, LLC**, was incorporated in Delaware with its principal place of business in Salt Lake City, Utah. Founders was a pooled investment vehicle that owned approximately 10% of the non-voting equity interest in Partners, and was entitled to certain priority returns. Founders is no longer operational and has been dissolved as a legal entity.

3. **HighStreet Partners, LLC**, was incorporated in Delaware with its principal place of business in Salt Lake City, Utah. Partners became a registered investment adviser with the Commission on January 4, 2017. Partners filed a Form ADV-W withdrawing its registration on August 17, 2018. Partners was the general partner of and investment adviser to the Funds, none of which was ever operational. Partners is no longer operational and has been dissolved as a legal entity.

### **Background**

4. Beginning in November 2014, Huish recklessly believed that one single large investor would provide capital to one of the Funds, and that this investor's capital would in turn enable hundreds of millions of dollars in institutional co-investments that Huish and Partners could then deploy to generate investment returns. When investment in the Fund by the large investor failed to materialize during Partners' first year of operation, Huish created Founders to raise an initial \$5 million, which would be invested in Partners to bridge the gap until the large investor came through.

5. From November 2014 through October 2016 (the "relevant period"), Huish offered and sold membership interests in Founders, raising approximately \$2.5 million from 19 investors. Founders' offering documents stated that Founders sought to raise \$5 million and that the money raised would be used to purchase non-voting equity shares in Partners, which entitled Founders to priority returns.

### **Material Misrepresentations and Omissions to Investors**

6. During the relevant period, Huish solicited investors for Founders by means of material misrepresentations and misleading omissions, including, among other things, that: (1) the Funds had hundreds of millions of dollars in committed capital; (2) the Funds had the right to exclusive deal flow on any deal arising from an international law firm that had thousands of attorneys in over 100 offices; (3) the Funds had major industrial, strategic, and financial co-investment partners, who had committed hundreds of millions of dollars in investment capital, significantly increasing the Funds' investment power; (4) the Funds and/or Partners had up to \$1 billion of assets under management; (5) returns on an investment in Founders were all but certain and would happen in three to four weeks; (6) Partners was registered as an investment adviser with

the Commission; and (7) Founders was oversubscribed. None of these representations was true, and Huish either knew or was reckless in not knowing that these statements were false or misleading.

7. Huish overstated the Funds' committed capital to investors and prospective investors. Huish transmitted those misrepresentations orally, in emails, and in written marketing materials. Starting in November 2014 and continuing through 2016, Huish stated that the Funds had, at various times, \$30, \$50, or \$150 million in "committed capital." Huish knew that no one was obligated to provide any of the Funds with investment capital.

8. Huish materially exaggerated the Funds' potential deal flow, making the Funds appear much more likely to succeed than they actually were. Huish repeatedly stated orally and in marketing materials to investors and prospective investors in Founders that a HighStreet "Fund . . . is exclusively aligned with" an international law firm and that thousands of attorneys in hundreds of offices were "sourcing deals" for the Funds. In reality, Huish had no agreement with that law firm; rather, Huish had an agreement with a subsidiary of the law firm that had a much smaller network of potential deals and only a few individuals working on possible HighStreet projects – none of which materialized because the Funds never had any money to make investments. By touting the Funds' deal flow and committed capital, Huish incorrectly conveyed to investors and prospective investors that the Funds would be able to make investments, giving them a real chance of success, which would generate fees for Partners, and thus, returns for Founders' investors.

9. Huish drafted marketing materials sent to investors and prospective investors in Founders that materially overstated the Funds' size and ability to fund deals that would generate revenue. For example, beginning in April 2015, Huish drafted and distributed marketing documents that claimed that HighStreet "has \$50 mm in capital to invest in target companies." During the second half of 2015 and early 2016, Huish also emailed several Founders investors a marketing document that claimed the Funds had "1B total assets under management." Huish knew that these statements were false because he knew that none of the Funds was ever funded.

10. In addition, Huish represented to investors and prospective investors, both orally and in written marketing materials, that the Funds had industrial and financial investment partners that had agreed to co-invest with the Funds in various opportunities. Huish also represented that these purported co-investment partners would multiply the Funds' investment power, making up roughly 90% of each investment. Huish told investors that HighStreet "currently has \$ 50 mm to initiate a series of investments that [because of the commitments of co-investment partners] has the . . . power of a \$ 500 mm traditional investment fund." Huish knew that none of the Funds was ever operational and that no Fund had capital to invest in projects at any time and, in reality, no agreement with any of the purported co-investment partners was ever reached by any HighStreet entity. Indeed, Huish knew that none of the Funds had a written subscription agreement with any third party.

11. In the fourth quarter of 2015, in addition to soliciting investors to invest directly into Founders, Huish also offered interests in Founders in exchange for investors loaning money directly to the supposed large third party investor that had expressed an interest in investing in

some of the Funds. Huish sent a series of emails to prospective investors representing that the supposed large investor's investment in the Funds was imminent and that investors would get significant returns in three to four weeks. Huish failed to disclose that the supposed investor had only executed a letter of intent and was not obligated to invest in any of the Funds, that any potential funding was contingent upon the investor concluding an international emerging market bond transaction in negotiation since before his involvement that would provide the funds necessary to make any investment, and that the investor had been promising Huish for over a year that investing in the Funds was only weeks away. Similarly, Huish failed to disclose that the supposed investor had taken loans from Huish personally, Founders, and other investors, all of which were in default, and none of which would be paid back if the highly risky underlying international bond transaction was not completed.

12. Huish made a number of additional misrepresentations to investors in Founders during the relevant period regarding the status of Partners and Founders. Huish drafted and sent marketing materials to investors that stated Partners was registered with the Commission as an investment adviser when Huish knew that it was not and that Partners was not qualified for registration because Partners never had any RAUM. Huish also told investors both orally and in emails that Founders was oversubscribed when he knew it was not.

### **Improper Registration with the Commission**

13. On December 7, 2016, Partners filed an initial Form ADV, provisionally registering with the Commission as an investment adviser on January 4, 2017. In the December 7 Form ADV drafted by Huish and Partners' attorney, Partners acknowledged that it was registering with the SEC in reliance on Rule 203A-2(c), stating that it did not currently qualify for registration, but that it reasonably expected to be eligible to register with the Commission within 120 days after the date its registration with the Commission became effective. On December 7, 2016, Huish and Partners knew that Partners had no RAUM. Partners and Huish also understood that to qualify for registration beyond the 120-day grace period, Partners needed to have \$100 million in RAUM. On May 8, 2017, even though financial circumstances remained unchanged Partners filed an amended non-annual Form ADV stating that Partners had \$100 million in RAUM. Partners filed an annual amended Form ADV in May 2018 that contained the same misrepresentation. Huish executed both documents.

14. Huish knew that registration with the Commission was important to investors and prospective investors. Prior to registration, in marketing materials sent by email contemporaneously with Founders' offering documents, Huish misrepresented to certain investors that Partners was, in fact, registered. When Partners' registration became effective on January 4, 2017, Huish touted that fact to investors.

### **Violations**

15. As a result of the conduct described above, Huish willfully violated Section 17(a) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

16. As a result of the conduct described above, Huish willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which make it unlawful for any investment adviser to a pooled investment vehicle to “[m]ake any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading to any investor or prospective investor in the pooled investment vehicle” or “engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle.”

17. As a result of the conduct described above, Huish willfully violated Section 207 of the Advisers Act, which makes it “unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein.”

18. As a result of the conduct described above, Huish willfully aided and abetted and caused Partners’ violations of Sections 203A of the Advisers Act and Rule 203A-1 promulgated thereunder, which generally prohibit an investment adviser that is regulated or required to be regulated in the State in which it maintains its principal office and place of business from registering with the Commission unless it has assets under management of not less than \$25 million, or such higher amount as the Commission may, by rule, deem appropriate or is an adviser to an investment company registered under the Investment Company Act.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest, to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, Sections 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Huish cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, and Sections 203A, 206(4) and 207 of the Advisers Act, and Rules 203A-1 and 206(4)-8 promulgated thereunder.

B. Huish be, and hereby is:

barred from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter.

C. Any reapplication for association by Huish will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against Huish, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Huish shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$160,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Huish's name as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Jason Burt, Division of Enforcement, Securities and Exchange Commission, Denver Regional Office, 1961 Stout Street, Ste. 1700, Denver, CO 80294-1961.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Huish agrees that in any Related Investor Action, Huish shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of his payment of a civil penalty in this action (“Penalty Offset”). If the court in any Related Investor Action grants such a Penalty Offset, Huish agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a “Related Investor Action” means a private damages action brought against Huish by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

#### V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Huish, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Huish under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Huish of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary