

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

**SECURITIES ACT OF 1933**  
**Release No. 11220 / August 7, 2023**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 6368 / August 7, 2023**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-21548**

**In the Matter of**

**CS MANAGER, LLC, SICA  
WEALTH MANAGEMENT,  
LLC, CIRCLE SQUARED  
ALTERNATIVE  
INVESTMENTS, LLC,  
JEFFREY C. SICA, and  
CHERYL LYNNE COSTA,**

**Respondents.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS  
PURSUANT TO SECTION 8A OF THE  
SECURITIES ACT OF 1933 AND  
SECTIONS 203(e), 203(f), AND 203(k) OF  
THE INVESTMENT ADVISERS 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”) and Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against CS Manager, LLC, Sica Wealth Management, LLC, Circle Squared Alternative Investments, LLC, Jeffrey C. Sica, and Cheryl Lynne Costa (“Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”) 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, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 203(e), 203(f), and 203(k) of the Investment Advisers 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 Respondents’ Offers, the Commission finds<sup>1</sup> that:

#### Summary

From 2018 to 2020, Jeffrey Sica (“Sica”) solicited twelve investors to invest a total of \$1.65 million in securities offerings by CS Manager, LLC (“CS Manager”), which Sica controlled. Sica provided investors with offering materials representing that investor funds would be used to conduct CS Manager’s business of acting as the managing member of companies that invest in real estate projects.

CS Manager had no employees or office of its own, and to operate its business, it relied on the employees and other resources of Sica Wealth Management, LLC (“Sica Wealth”) and Circle Squared Alternative Investments, LLC (“Circle Squared”), two registered investment adviser firms (together, “the RIAs”) that Sica controlled and solely owned. Reflecting this, the CS Manager offering materials disclosed that investor funds could be used to reimburse the RIAs or Sica for expenses they incurred that were related to the business of CS Manager, or to pay the RIAs or Sica for services they provided to CS Manager.

Sica used some investor funds in ways that were not disclosed in the offering materials. At Sica’s direction, approximately \$1.2 million in investor funds was transferred to the RIAs. The investor funds were then commingled with other funds of the RIAs, which used the commingled funds to pay their employees and their other general operating expenses. Sica also directed the transfer of a total of \$276,500 in investor funds to himself and his spouse and to pay Sica Wealth’s sanctions in a previous Commission proceeding. As these transfers occurred, the RIAs were providing support to CS Manager’s operations with their employees and other resources. Contrary to the offering materials, however, Sica did not contemporaneously tie the transfers to the actual cost of this support. In total, more than \$375,000 in CS Manager investor funds was spent for undisclosed purposes. As a result of this conduct, Sica, CS Manager, Sica Wealth, and Circle Squared violated or caused violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, and Sica, Sica Wealth, and Circle Squared violated or caused violations of Section 206(2) of the Advisers Act.

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<sup>1</sup> The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

Cheryl Costa (“Costa”) was the Chief Operating Officer of both RIAs and their Chief Compliance Officer through October 2018. Costa distributed the CS Manager offering materials to some investors and processed investments. At Sica’s direction, Costa also executed the transfers of investor funds described above. Costa did not review the offering materials or take other steps to determine whether her transfers were consistent with representations to CS Manager investors about how their funds would be used. As a result of this conduct, Costa violated Section 17(a)(3) of the Securities Act and caused violations of Section 206(2) of the Advisers Act.

### **Respondents**

1. **Circle Squared Alternative Investments, LLC** is a Delaware limited liability company with its principal place of business in Morristown, New Jersey. Circle Squared registered with the Commission as an investment adviser in October 2014. In March 2022, it withdrew its registration, and in May 2022, it filed a Form ADV with the Commission as an exempt reporting adviser. During the relevant period of June 2018 through March 2020, Circle Squared’s advisory clients consisted of several private funds with assets totaling approximately \$40 million.

2. **CS Manager, LLC** is a Delaware limited liability company with its principal place of business in Morristown, New Jersey. CS Manager was the managing member of several private funds for which Circle Squared served as investment adviser during the relevant period. It has never been registered with the Commission in any capacity.

3. **Sica Wealth Management, LLC** is a Delaware limited liability company with its principal place of business in Morristown, New Jersey. Sica Wealth registered with the Commission as an investment adviser in April 2010. In July 2022, it ceased conducting business and filed a Form ADV-W with the Commission withdrawing its registration. During the relevant period, Sica Wealth served as investment adviser to approximately 300 individual clients and had approximately \$115 million in assets under management. In February 2020, the Commission entered an order in settled administrative and cease-and-desist proceedings finding that Sica Wealth and Jeffrey Sica violated Section 206(2) of the Advisers Act by failing to adequately disclose conflicts of interest to advisory clients. *In the Matter of Sica Wealth Management, LLC and Jeffrey C. Sica*, Admin. Proc. File No. 3-19716 (Feb. 27, 2020).

4. **Jeffrey C. Sica**, age 56, is a resident of Brookside, New Jersey. During the relevant period, Sica controlled the operations and investor fundraising of CS Manager as its managing member. He also controlled the portfolio management services and other operations of Sica Wealth and Circle Squared as each firm’s sole owner, managing member, and Chief Investment Officer.

5. **Cheryl Lynne Costa**, age 50, is a resident of Parsippany, New Jersey. Costa was the Chief Operating Officer and Senior Vice President of both Sica Wealth and Circle Squared during the relevant period and their Chief Compliance Officer through October 2018 of the relevant period.

### **CS Manager's Business and Operations**

6. Sica formed CS Manager in February 2018. By early 2020, it was the managing member of four newly formed private funds for which Circle Squared served as investment adviser.

7. The four private funds invest in joint ventures that carry out real estate development projects. Under the terms of the joint venture agreements, CS Manager and its investors have a stake in potential profits from the projects through CS Manager's position as the managing member of the private funds.

8. CS Manager shared an office space with the RIAs, and the RIAs shared a staff of about ten employees whose compensation was paid from a single payroll administered by Sica Wealth. CS Manager had no employees of its own, and its operations were conducted by Sica, Costa, and other employees of the RIAs.

### **CS Manager's Offerings**

9. In an equity offering from June to October 2018, nine investors invested a total of \$950,000 in CS Manager LLC units. In a debt offering from August 2019 to February 2020, three investors purchased promissory notes issued by CS Manager for a total of \$700,000. The promissory notes were convertible into CS Manager LLC units. Six of the twelve CS Manager investors were advisory clients of Sica Wealth and the other investors all had pre-existing relationships with Sica.

10. Sica personally solicited the investments in CS Manager and approved the private placement memorandum ("PPM") and other written offering materials provided to investors. The offering materials were provided to investors before they invested, either by Sica or by Costa acting at Sica's direction. Costa did not review the offering materials.

11. The PPM, which was provided to both equity and debt investors, represented that CS Manager's purpose was to act as the managing member of companies that engaged in real estate development projects. The PPM further represented that the proceeds from the equity offering would be used for CS Manager's "general working capital and operating expenses" and otherwise "in connection with" the real estate development projects. The debt offering materials similarly stated that the funds raised in that offering would contribute to CS Manager's "working capital."

12. The offering materials included CS Manager's LLC agreement, which stated that CS Manager would "reimburse" affiliates such as the RIAs and Sica for their expenses "that relate to, arise from or are incurred in connection with" CS Manager's operations or its real estate development projects. The LLC agreement further stated that CS Manager could pay affiliates market rates for services they performed for CS Manager.

13. In addition to distributing offering materials, Costa processed paperwork for investors and handled their investment funds.

### **Undisclosed Uses of CS Manager Investor Funds**

14. As Sica and Costa should have known, CS Manager investor funds were used in ways that were inconsistent with the offering materials and were not disclosed to investors.

15. At Sica's direction, Costa transferred \$1,185,359 in CS Manager investor funds to the RIAs. The investor funds were then commingled with other funds in the bank accounts of the RIAs. At Sica's direction, Costa used the commingled funds to cover the payroll of the employees shared by CS Manager and the RIAs and to pay the RIAs' other general operating expenses.

16. Also at Sica's direction, Costa transferred \$150,000 in CS Manager investor funds to an escrow account for the purpose of paying part of Sica Wealth's sanctions in the previous Commission proceeding referenced above. The investor funds were then used for that purpose. In addition, Costa transferred a total of \$126,500 in investor funds to Sica and his spouse at the direction of Sica.

17. As these transfers occurred, the RIAs were providing support to CS Manager's operations with their employees and other resources. But Sica and Costa took no contemporaneous steps to tie the transfers to reimbursing the RIAs (or Sica as their sole owner) for specific expenses they incurred related to CS Manager's business or to paying them for specific services they performed for CS Manager. In turn, the total amount transferred exceeded the cost of the support the RIAs provided.

18. Of the \$1.65 million raised from CS Manager investors, a total of \$1,271,684 was spent on CS Manager business expenses, including portions of payroll and office overhead shared with the RIAs, that are appropriately deducted from disgorgement under the standard set by the Supreme Court in *Liu v. SEC*, 140 S. Ct. 1936 (2020), leaving \$378,316 in net proceeds subject to disgorgement.

### **Violations**

19. As a result of the conduct described above, Sica and CS Manager willfully<sup>2</sup> violated Sections 17(a)(2) and 17(a)(3) of the Securities Act, which prohibit any person in the offer or sale of securities from obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make statements made not misleading, and from engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser. Violations of Sections 17(a)(2) and 17(a)(3) may rest on a finding of simple negligence. *Aaron v. SEC*, 446 U.S. 680, 697 (1980). Proof of scienter is not required to establish a violation of Sections 17(a)(2) and 17(a)(3). *Id.* Sica Wealth and Circle Squared were each a cause of Sica and CS Manager’s violations of Sections 17(a)(2) and 17(a)(3).

20. As a result of the conduct described above, Sica and Sica Wealth willfully violated Section 206(2) of the Advisers Act, which prohibits an investment adviser from “engag[ing] in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.” A violation of Section 206(2) may rest on a finding of simple negligence; scienter is not required. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 194-95 (1963)). Circle Squared and Costa were each a cause of Sica and Sica Wealth’s violations of Section 206(2).

21. As a result of the conduct described above, Costa willfully violated Section 17(a)(3) of the Securities Act.

### **Disgorgement**

22. The disgorgement and prejudgment interest ordered in paragraph IV.C below is consistent with equitable principles and does not exceed Sica, Sica Wealth, and Circle Squared’s net profits from their violations and will be distributed to harmed investors, if feasible. The Commission will hold funds paid pursuant to paragraph IV.C in an account at the United States Treasury pending a decision whether the Commission in its discretion will seek to distribute funds. If a distribution is determined feasible and the Commission makes a distribution, upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to investors, may be transferred to the general fund of the United States Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934 (“Exchange Act”).

### **Undertakings**

Respondents Sica and CS Manager have undertaken as follows:

23. Notice to CS Manager Investors. Within ten (10) days of the entry of this Order, Sica and CS Manager shall provide a copy of the Order to each CS Manager investor via mail,

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<sup>2</sup> “Willfully,” for purposes of imposing relief under Sections 203(e) and 203(f) of the Advisers Act “means no more than that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965).

email, or such other method as may be acceptable to the Commission staff, together with a cover letter in a form not unacceptable to the Commission staff.

24. Deadlines. For good cause shown, the Commission staff may extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

25. Certification of Compliance. Sica and CS Manager shall certify, in writing, compliance with the undertakings set forth in paragraph 23. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Sica and CS Manager agree to provide such evidence. The certification and supporting material shall be submitted to Jason Lee, Associate Regional Director, San Francisco Regional Office, Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, California 94104, with a copy to the Office of Chief Counsel of the Enforcement Division, 100 F Street, NE, Washington, DC 20549-6553, no later than thirty (30) days from the date of the completion of the undertakings.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act and Sections 203(e), 203(f), and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Sica, CS Manager, Sica Wealth, and Circle Squared shall cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act; Sica, Sica Wealth, Circle Squared, and Costa shall cease and desist from committing or causing any violations and any future violations of Section 206(2) of the Advisers Act; and Costa shall cease and desist from committing or causing any violations and any future violations of Section 17(a)(3) of the Securities Act.

B. Sica, Sica Wealth, Circle Squared, and Costa are censured.

C. Respondents Sica, Sica Wealth, and Circle Squared shall pay, jointly and severally, disgorgement of \$378,316, prejudgment interest of \$31,017, and a civil money penalty of \$175,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. Payment pursuant to this paragraph shall be made in the following installments: \$150,000 within 10 days of entry of this Order; \$150,000 within 90 days of entry of

this Order; \$150,000 within 180 days of entry of this Order; and the remainder within 360 days of entry of this Order. Payments shall be applied first to post-Order interest, which accrues pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondents Sica, Sica Wealth, and Circle Squared shall contact the staff of the Commission for the amount due. If Respondents Sica, Sica Wealth, and Circle Squared fail to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-Order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondents Sica, Sica Wealth, and Circle Squared may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondents Sica, Sica Wealth, and Circle Squared 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) Respondents Sica, Sica Wealth, and Circle Squared 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 Sica, Sica Wealth, and Circle Squared as Respondents 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 Lee, Associate Regional Director, Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, California, 94104.

D. Respondent Costa shall pay a civil money penalty in the amount of \$35,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. Payment pursuant to this paragraph shall be made in the following installments:



\$10,000 within 10 days of entry of this Order; \$10,000 within 90 days of entry of this Order; \$10,000 within 180 days of entry of this Order; and the remainder within 360 days of entry of this Order. Payments shall be applied first to post-Order interest, which accrues pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent Costa shall contact the staff of the Commission for the amount due. If Respondent Costa fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-Order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondent Costa may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent Costa 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 Costa 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 Costa 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 Lee, Associate Regional Director, Securities and Exchange Commission, 44 Montgomery Street, Suite 2800, San Francisco, California, 94104.

E. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, 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 penalties, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they 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 any Respondent(s) 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.

F. Sica and CS Manager shall comply with the undertakings enumerated in paragraphs III.23 through III.25 above.

## 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 Sica and Costa, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Sica or Costa 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 Sica or Costa 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