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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY _____

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10 UNITED STATES DISTRICT COURT
 11 CENTRAL DISTRICT OF CALIFORNIA
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13 SECURITIES AND EXCHANGE
 14 COMMISSION,

15 Plaintiff,

16 vs.

17 FINBAR SECURITIES CORP., and
 ROBERT TRINGHAM,

18 Defendants.
 19

Case No. **CV09-2325 ODW** **VBKx**
**COMPLAINT FOR VIOLATIONS OF
 THE FEDERAL SECURITIES LAWS**

20 Plaintiff Securities and Exchange Commission ("Commission") alleges as
 21 follows:
 22

23 JURISDICTION AND VENUE

24 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
 25 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C.
 26 §§ 77t(b), 77t(d)(1) & 77v(a)], Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the
 27 Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d)(1)
 28

1 78u(d)(3)(A), 78u(e) & 78aa], and Sections 209(d), 209(e)(1) and 214 of the
2 Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-9(d), 80b-
3 9(e)(1) and 80b-14]. Defendants have, directly or indirectly, made use of the
4 means or instrumentalities of interstate commerce, of the mails, or of the facilities
5 of a national securities exchange in connection with the transactions, acts, practices
6 and courses of business alleged in this Complaint.

7 2. Venue is proper in this district pursuant to Section 22(a) of the
8 Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. §
9 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14] because certain of
10 the transactions, acts, practices and courses of conduct constituting violations of
11 the federal securities laws occurred within this district, and all of the defendants
12 reside and/or are located in this district.

13 SUMMARY

14 3. Since at least 2006, defendant Robert Tringham (“Tringham”) has
15 fraudulently raised money from investors through the unregistered, West Covina,
16 California-based broker-dealer that he controls, defendant Finbar Securities Corp.
17 (“Finbar” and, collectively with Tringham, “Defendants”). The Defendants raised
18 at least \$6.4 million from at least four investors through their fraudulent activities,
19 including one investor that was promised returns of 2.5% per month (30% per
20 year), and to whose repeated redemption requests they subsequently refused to
21 honor.

22 4. The Defendants, by engaging in the conduct described in this
23 Complaint, have violated, and unless enjoined will continue to violate, the
24 antifraud provisions of the federal securities laws. By this complaint, the
25 Commission seeks emergency relief against the Defendants, including a temporary
26 restraining order, an asset freeze, accountings, an order expediting discovery, and
27 an order prohibiting the destruction of documents, as well as preliminary and
28 permanent injunctions, disgorgement with prejudgment interest, and civil penalties.

1 **DEFENDANTS**

2 5. **Finbar Securities Corp.** is a suspended California corporation, with
3 its principal place of business in West Covina, California. It was incorporated in
4 California on March 17, 2006. Finbar is not registered with the Commission in
5 any capacity.

6 6. **Robert Tringham**, age 63, is a United Kingdom national. For the
7 last several years he has been residing in Diamond Bar, California and Portland,
8 Oregon. Tringham is the president, CEO, secretary, and CFO of Finbar and was its
9 incorporator. He has also described himself as the “manager” and “branch
10 manager” of the Finbar office. Tringham is not associated with any registered
11 broker or dealer or investment adviser.

12 **FACTUAL BACKGROUND**

13 **A. Tringham’s Association With Finbar**

14 7. Since 2005, Tringham has been appropriating the identity of Finbar
15 Securities Corp., a now defunct Oregon corporation that was registered with the
16 Commission as a broker-dealer from 1987 to 2006 (“Finbar-Oregon”).

17 8. In 2005 and 2006, Tringham attempted to purchase Finbar-Oregon
18 from its last owner. However, after the National Association of Securities Dealers
19 (“NASD”, now part of the Financial Industry Regulatory Authority, or “FINRA”)
20 raised several questions and concerns regarding Tringham’s background, including
21 a civil forfeiture action filed against Tringham by the United States, Finbar-
22 Oregon’s owner withdrew his application to transfer ownership to Tringham.

23 9. Tringham offered Finbar-Oregon’s owner \$200,000 to continue with
24 the application and transfer the registered broker-dealer to Tringham. Finbar-
25 Oregon’s owner refused to do so.

26 10. Finbar-Oregon’s registrations as a broker-dealer were withdrawn in
27 December 2006, and the corporation was dissolved that same month.

1 11. Defendant Finbar, a California entity, was formed by Tringham in
2 March 2006. It remains in existence to the present day, although it is currently on
3 suspended status. Defendant Finbar has never been registered with the
4 Commission as a broker-dealer.

5 12. Under the Exchange Act, broker-dealers are required to register with
6 the Commission. Registered broker-dealers are subject to regulations meant to
7 protect their customers, including minimum net capital requirements, limits on the
8 use of customer balances, required books and records maintenance, and risk
9 assessment requirements. Registered broker-dealers are also subject to periodic
10 examination by the Commission staff to ensure that they are compliance with the
11 regulatory requirements of the Exchange Act. Because it operates as an
12 unregistered broker-dealer, Finbar has never been examined by the Commission
13 staff.

14 13. Similarly, FINRA requires broker-dealers to be licensed through their
15 organization. FINRA is a self regulatory organization that, through its examination
16 and enforcement programs, ensures compliance among its member firms with the
17 securities laws. Finbar has never been licensed through FINRA.

18 **B. Solicitations Made to Finbar Investors**

19 14. Tringham has used the Finbar name and Finbar-Oregon's status as a
20 registered, licensed entity to solicit investors since 2005.

21 15. Several Finbar investors were told that Finbar offered and sold debt
22 instruments and high yield risk-free investment opportunities and used funds in
23 accounts, purportedly controlled by the investor, as collateral for Finbar to make
24 profitable trades.

25 16. The Defendants have solicited at least three investors through an
26 intermediary in Europe, but it is Tringham who ultimately "closes the deal" with
27 investors.

1 17. One investor, who invested \$1 million with Finbar in late 2006, was
2 told that the Defendants bought and sold certain instruments and Finbar and
3 Tringham would be making all of the investment decisions. The investor was told
4 that the Defendants could generate returns of \$25,000, or 2.5% per month, on her
5 initial investment. The investor was also told that her funds would be segregated
6 in her own account, and that the funds would be used to buy and sell various
7 instruments only if Finbar had a pre-existing buyer who would pay a higher price
8 than the price Finbar paid for the instruments.

9 18. A European investor, who invested €1.83 million (\$2.41 million), was
10 told by Tringham that Finbar was a securities company established in 1987, was
11 licensed by the Commission and NASD, and had offices throughout the United
12 States. This investor was also told by Tringham that the main characteristics of the
13 Finbar investment were (1) a minimum contribution of €1 million was required; (2)
14 the investment duration was for a minimum of one year; (3) the money would be
15 placed in personal account, not used for trading, and would remain under the
16 investor's control; and (4) a high yield would be obtained by trading various
17 securities, such as bonds, notes, debt instruments, precious metals, derivatives and
18 other instruments to obtain a "minimum profit margin of 100 basis points."

19 19. The European investor was asked to complete account opening
20 documents that purportedly originated from a well-known, registered broker-
21 dealer. He was told that these documents were required by the U.S. government to
22 perform a "background check" on him before he could wire his funds. He was also
23 told that this well known broker-dealer acted as a "clearing house" for Finbar and
24 otherwise ensured that the investment was secure.

25 20. The documents and representations made to the European investor
26 were false. Finbar was not registered by the Commission or licensed by the
27 NASD, and does not have offices through the United States. Further, the well-
28 known broker-dealer cited in ¶19 does not act as a "clearing house" for Finbar, nor

1 did it authorize Finbar to use its documentation with Finbar's customers.

2 **C. The "Wealth Management Agreement"**

3 21. Tringham and Finbar required investors to sign a "Wealth
4 Management Agreement" prior to investing with Finbar. The agreement stated
5 that the purpose of the investment was for both the investor and Finbar to
6 participate in "wealth creating opportunities" which "in the opinion of FINBAR
7 represent[s] a suitable opportunity to generate profits."

8 22. The agreement further stated that Finbar would establish a designated
9 account for the investor, include the investor in Finbar's investment opportunities,
10 and make monthly distributions of profits to a bank of the investor's choice.

11 23. The agreement also stated that Finbar would "procure and establish a
12 designated client account for participation in the wealth creation program" and that
13 "approximately 7 or 8 settled trades may be expected to be achieved each calendar
14 month." The agreement represented that "Finbar policy is to focus on a safe and
15 profitable strategy" and "increase and enhance the wealth" of both the investor and
16 Finbar. The agreement also stated that Finbar would share profits 50-50 with the
17 investor.

18 24. The agreement represented that Finbar was subject to regulation under
19 the federal securities laws, and sets forth several defined terms, including
20 "Licensed Securities Dealer," "NASD," "SEC," and "SIPC." The agreement also
21 stated that these terms are "actively incorporated . . . as the legal binding meaning
22 it represents . . . and it is not to be interpreted as an educational glossary."

23 25. Tringham signed the "Wealth Management Agreements" on behalf of
24 Finbar.

25 **D. Finbar Account Statements**

26 26. After investing with Finbar, investors began receiving purported
27 account statements that they initially could access directly through Finbar's
28 website, www.finbarsecurities.com. The current statements are now accessible

1 only through a purported third-party website based in Hamburg, Germany, which
2 claims to provide online services to “Security Firms and Broker/Dealer.”

3 27. The account statements, the most recent of which was dated March
4 13, 2009, falsely represent that Finbar is “a licensed Securities Dealer.” Finbar’s
5 account statements also display the NASD logo, despite the fact that the use of the
6 NASD name ceased in July 2007 (when it became part of FINRA), reference a
7 clearing firm that is no longer in operation, and cite to securities purportedly held
8 by investors with no recognizable CUSIP number, a unique alpha-numeric
9 identification that is assigned to an issuer and type of security. The account
10 statement also notes that all items are in “USA Dollars.”

11 28. The account statements indicate that investors have realized
12 impressive returns on their initial investment. For example, for the investor who
13 invested \$1 million in late 2006, the most recent account statement indicates that
14 she currently has a balance of nearly \$2.8 million.

15 29. Despite the large balances reflected on the investors’ account
16 statements, Tringham and Finbar have thus far refused to honor these investors’
17 repeated redemption requests.

18 **E. Current Status Of Finbar**

19 30. In addition to its physical location in West Covina, California, Finbar
20 also maintains an active website, www.finbarsecurities.com, which contains
21 generic information about stocks and other investments, as well as a “member
22 login” section which requires a user name and password. The Finbar homepage
23 invites investors to visit Finbar at its offices in West Covina. At least one investor
24 met Tringham at that location.

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1 **FIRST CLAIM FOR RELIEF**

2 **Fraud In The Offer Or Sale Of Securities**

3 **Violations of Section 17(a) of the Securities Act**

4 **(Against All Defendants)**

5 31. The Commission realleges and incorporates by reference paragraphs 1
6 through 30 above.

7 32. The Defendants, and each of them, by engaging in the conduct
8 described above, in the offer or sale of securities by the use of means or
9 instruments of transportation or communication in interstate commerce or by use
10 of the mails directly or indirectly:

- 11
- 12 a. with scienter, employed devices, schemes, or artifices to
 - 13 defraud;
 - 14 b. obtained money or property by means of untrue statements of a
 - 15 material fact or by omitting to state a material fact necessary in
 - 16 order to make the statements made, in light of the
 - 17 circumstances under which they were made, not misleading; or
 - 18 c. engaged in transactions, practices, or courses of business which
 - 19 operated or would operate as a fraud or deceit upon the
 - 20 purchaser.

21 33. By engaging in the conduct described above, the Defendants violated,
22 and unless restrained and enjoined will continue to violate, Section 17(a) of the
23 Securities Act [15 U.S.C. § 77q(a)].

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1 **PRAYER FOR RELIEF**

2 WHEREFORE, the Commission respectfully requests that the Court:

3 **I.**

4 Issue findings of fact and conclusions of law that the defendants committed
5 the alleged violations.

6 **II.**

7 Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), temporarily,
8 preliminarily and permanently enjoining the defendants and their officers, agents,
9 servants, employees, and attorneys, and those persons in active concert or
10 participation with any of them, who receive actual notice of the judgment by
11 personal service or otherwise, and each of them, from violating Sections 5(a), 5(c)
12 and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)], Section
13 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17
14 C.F.R. § 240.10b-5], and Sections 206(1), 206(2), and 206(4) of the Advisers Act
15 [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

16 **III.**

17 Issue, in a form consistent with Fed. R. Civ. P. 65, a temporary restraining
18 order and a preliminary injunction freezing the assets of each of the defendants,
19 prohibiting each of the defendants from destroying documents, granting expedited
20 discovery, and requiring accountings from each of the defendants.

21 **IV.**

22 Order each defendant to disgorge all ill-gotten gains from their illegal
23 conduct, together with prejudgment interest thereon.

24 **V.**

25 Order each defendant to pay civil penalties under Section 20(d) of the
26 Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15
27 U.S.C. § 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. §80B-
28 9(e)].

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VI.

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

VII.

Grant such other and further relief as this Court may determine to be just and necessary.

DATED: April 2, 2009



David S. Brown
Attorney for Plaintiff
Securities and Exchange Commission