

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**CASE NO.:**

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**v.**

**SECURED INCOME RESERVE, INC.,  
ILONA A. MANDELBAUM,  
DAVID A. ZIMMERMAN,  
TAMDA MARKETING, INC., and  
MATHEW H. SAGE**

**Defendants,**

**JENNIFER A. AUSTIN, and  
HSC HOLDINGS, LLC**

**Relief Defendants.**

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**COMPLAINT**

Plaintiff Securities and Exchange Commission alleges and states as follows:

**I. INTRODUCTION**

1. The Commission brings this action to enjoin Secured Income Reserve, Inc. (“Secured”), its President, CEO, majority shareholder, and Director, Ilona A. Mandelbaum (“Mandelbaum”), a recidivist, its Vice President of Investor Relations, David A. Zimmerman (“Zimmerman”), a recidivist, Secured’s Secretary, Treasurer, Chief Operations Officer and Director, Matthew H. Sage (“Sage”), also a recidivist, and Tamda Marketing, Inc. (“Tamda”) (collectively, “Defendants”) from further violations of the anti-fraud and registration provisions of the federal securities laws.

2. From February 2013 to at least June 2013, Defendants Secured, Mandelbaum, Zimmerman and Sage defrauded investors in a \$5 million unregistered securities offering of Secured's preferred shares as well as an unregistered common share offering, and Tamda acted as an unregistered broker, by marketing and selling Secured securities.

3. Secured's Private Placement Memorandum ("PPM") for the preferred share offering contained material misrepresentations and omitted material facts concerning the prior securities fraud injunctions and other SEC-related disciplinary actions against Mandelbaum, Zimmerman, and Sage; the use of investors' proceeds; and Zimmerman's retention and compensation. As President, CEO, majority shareholder and a Director of Secured, Mandelbaum was responsible for these misstatements and omissions in Secured's PPM.

4. Sage drafted the background section in the PPM that omitted material facts concerning prior enforcement actions brought by the SEC and antifraud and other injunctions issued against Mandelbaum, Zimmerman and Sage. Further, Sage misused Secured's investor proceeds to fund payroll and other expenses related to another company, Sarben Holdings, Inc. ("Sarben"). Sage also assisted in the approval of an improper and undocumented "loan" from Secured to HSC Holdings, LLC ("HSC"), an entity controlled by Mandelbaum.

5. Mandelbaum used the proceeds of the HSC loan to purchase for herself an indirect controlling interest in another company, Filewarden.com Corp. ("Filewarden"). Mandelbaum also misappropriated Secured's funds by transferring \$131,000 to her daughter, relief defendant Jennifer Austin ("Austin").

6. Zimmerman made material misrepresentations to investors regarding the risks of investing in Secured. In addition, Zimmerman made material misrepresentations to investors regarding the use of investor proceeds and the future liquidity of shares in Filewarden when he

raised approximately \$1,017,500 by selling Filewarden stock to investors. In selling Secured and Filewarden shares to investors, Zimmerman also acted as an unregistered broker.

7. By engaging in this conduct, Defendants Secured and Mandelbaum violated 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)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and aided and abetted violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]. Zimmerman violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b) and 15(a)(1) of the Exchange Act [15 U.S.C. §§ 78j(b), 78o(a)(1)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Tamda, Zimmerman’s company through which he contracted to work for Secured and Filewarden, violated Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]. Sage aided and abetted violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5]. Unless restrained and enjoined, the Defendants are reasonably likely to continue to violate the federal securities laws.

8. The Commission also seeks conduct-based injunctions against Mandelbaum, Zimmerman and Sage; disgorgement of all ill-gotten gains against Secured, Mandelbaum, Zimmerman, Tamda and the Relief Defendants, including prejudgment interest thereon; an order directing the Defendants to pay civil penalties; officer and director bars against Mandelbaum, Zimmerman and Sage; an order against Mandelbaum, Zimmerman and Sage to comply with prior district court and/or Commission orders; and any other relief that may be necessary and appropriate.

## II. DEFENDANTS

9. Secured is a Delaware corporation whose principal place of business was in Palm Beach Gardens, Florida. Secured was ostensibly established to provide senior citizens with loans collateralized by their life insurance proceeds. Other than fundraising, Secured never commenced business operations.

10. Mandelbaum, age 56, is a resident of Palm Beach Gardens, Florida. Mandelbaum is the majority shareholder of Secured, and served as Secured's President and CEO and as a Director. Mandelbaum controlled Secured's operations and business activities. Secured paid Mandelbaum a \$200,000 annual salary. Mandelbaum is also a Manager of HSC and has held the positions of Secretary and a Director of Filewarden. Mandelbaum was previously a defendant in SEC v. Hawa Corp., et al., Case No. 01-8220-CIV-Lynch (S.D. Fla. Mar. 15, 2001), in which she consented to a Final Judgment of Permanent Injunction and Other Relief dated November 30, 2001 permanently enjoining her from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. 240.10b-5], and imposing civil penalties and disgorgement. Mandelbaum filed for bankruptcy protection in the United States Bankruptcy Court for the Southern District of Florida in 1993, 1994, 1995, 2007, and 2011. During questioning by the Commission's staff in connection with the SEC's investigation into this matter, Mandelbaum asserted her Fifth Amendment right against self-incrimination to nearly all questions.

11. Zimmerman, age 68, is a resident of Boca Raton, Florida. Zimmerman served as Vice President of Investor Relations for Secured from at least February 2013 through September 2014. Zimmerman was previously a defendant in SEC. v Vector Medical Technologies, Inc., et

al., Case No. 03-80858-CIV-Hurley/Lynch (S.D. Fla. Sept. 11, 2003), in which he consented to a Final Judgment of Permanent Injunction and Other Relief permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)], Section 10(b) of the Exchange Act and Rule 10b-5 thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. 240.10b-5], and Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)], imposing a penny stock bar and ordering disgorgement. On October 12, 2004, the Commission instituted administrative proceedings and issued an order barring Zimmerman from association with any broker or dealer. In the Matter of David A. Zimmerman, Exchange Act Release No. 50517 (October 12, 2004).

12. Tamda is a Florida corporation with its principal offices in Boca Raton, Florida. Zimmerman is the President of Tamda.

13. Sage, age 60, is a resident of West Palm Beach, Florida. Sage served as Secretary, Treasurer, Chief Operations Officer and a Director of Secured. Sage also served as CEO, President, Treasurer, Comptroller and a Director of Filewarden. Sage was previously a defendant in SEC v. U.S. Dairy Corp., et al., Case No. 93-14181-Moore (S.D. Fla. Sept. 24, 1993), in which he consented to a Judgment of Permanent Injunction enjoining him from violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. 240.10b-5], and then a Final Judgment was entered imposing a civil penalty. On June 7, 1994 the Commission instituted administrative proceedings and issued an order barring Sage from participating in any offering of penny stock. In the Matter of Matthew H. Sage, et al., Exchange Act Release No. 34175 (June 7, 1994). Secured paid Sage a salary, and for services rendered to Secured, Secured issued and Sage received 6 million shares of Secured common stock.

**III. RELIEF DEFENDANTS**

14. Austin, age 40, is a resident of Palm Beach Gardens, Florida. Austin is the President of Haras Holdings, Inc. (“Haras Holdings”) and is Mandelbaum’s daughter. Without any legitimate basis, Austin received monies from Secured that were proceeds of Defendants’ securities law violations.

15. HSC is a Florida limited liability company with its principal offices in West Palm Beach, FL. Mandelbaum is a Manager of HSC. Without any legitimate basis, HSC received Secured investor proceeds emanating from Defendants’ fraud.

**IV. RELATED ENTITY**

16. Filewarden, f/k/a Success Exploration and Resources, Inc., is a Nevada corporation with its principal offices in Delray Beach, Florida.

**V. JURISDICTION AND VENUE**

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

18. This Court has personal jurisdiction over the Defendants and the Relief Defendants and venue is proper in the Southern District of Florida because, among other things, Secured’s principal place of business is in the Southern District of Florida and the Defendants’ acts and transactions constituting violations of the Securities Act and Exchange Act occurred in the Southern District of Florida. Moreover, the Defendants and Relief Defendants reside in the District.

## **VI. FACTUAL BACKGROUND**

### **A. Background to the Secured Securities Offerings**

19. In March 2012, Mandelbaum formed Secured for the ostensible purpose of providing senior citizens with loans collateralized by proceeds from their life insurance policies. Styled as “Senior Lifetime Loans,” these advances would involve tax-free monthly payments to qualifying seniors during their lifetimes to be repaid, with interest, from life insurance proceeds upon their deaths. However, aside from fundraising, Secured never commenced business operations.

20. From February 2013 through June 2013, Secured, through Zimmerman and Tamda, offered and sold Secured Series A Preferred Stock at \$50,000 per share (“Preferred Shares”) pursuant to a \$5 million unregistered securities offering (the “Preferred Share Offering”). In addition, Secured, through Zimmerman and Tamda, offered and sold Secured common stock (“Common Shares”) to investors, the sale of which by Zimmerman violated his penny stock bar.

21. Pursuant to the Preferred Share Offering, Secured issued offering documents to investors consisting of the PPM and two investment brochures. A total of 18 investors purchased \$1.15 million in Preferred Shares. Three of the 18 investors also purchased \$300,000 in Common Shares.

### **B. Zimmerman’s and Tamda’s Role in Secured’s Securities Offerings**

22. Despite being aware of Zimmerman’s prior antifraud and other injunctions, in January 2013, Mandelbaum hired Zimmerman through his marketing company, Tamda, to serve as Vice President of Investor Relations at a rate of \$10,000 to \$12,000 per month. In addition,

Zimmerman received two million common shares of Secured as partial compensation for his services.

23. As Vice President of Investor Relations, Zimmerman (and Tamda, through Zimmerman) marketed and sold Secured securities and was the primary contact for Secured investors. In selling Secured securities, Zimmerman largely targeted previous investors in Vicor Corporation (“Vicor”), a medical diagnostics company for which, during 2002-2003, he served as Vice President of Corporate Development and sold Vicor securities. Vicor filed for bankruptcy protection in December 2012. In soliciting these investors to purchase Secured securities, Zimmerman touted the investments as an opportunity for former Vicor investors to recoup their losses sustained as a result of Vicor’s bankruptcy. Specifically, Zimmerman told Vicor investors that by investing in Secured, they would also receive five shares in a “new company” that would hold Vicor’s medical technology. Zimmerman told investors that these “newco” shares were offered as a “courtesy” to Vicor investors who purchased Preferred Shares.

24. From January 2013 through June 2013, Zimmerman (and Tamda, through Zimmerman), regularly and actively solicited the sale of Secured securities to over 110 potential investors through phone calls, emails, the PPM, and investment brochures. Zimmerman advised potential investors of the merits of investing in Secured, ultimately convincing 18 investors to invest \$1.45 million in Secured. In addition to his monthly compensation and common stock, Zimmerman was paid performance-based bonuses for his successful fundraising for Secured as directed by Mandelbaum.

**C. Zimmerman’s Misrepresentations Concerning the Safety and Quality of the Secured Investments**

25. In the course of marketing Secured’s securities, Zimmerman made material misrepresentations concerning their safety and quality to investors. For example, in emails to



investors, Zimmerman touted the investment as a “home run opportunity” and that there was “no risk of losing capital.” Zimmerman represented that the returns would be “excellent” and that the shares were “totally secured.” Zimmerman verbally advised at least one investor that the investment opportunity was “phenomenal” and that the investments were “fully secured.”

26. Zimmerman knew or was severely reckless in not knowing that these statements were false and misleading. In reality, as stated in the PPM, the Secured investments involved a high degree of risk with the possibility of total loss of investment. Zimmerman’s misleading statements were material because a reasonable investor would consider it important to understand the true risks of investing in Secured in making their investment decisions.

**D. Misrepresentations and Omissions in the PPM**

**i. Misrepresentations and Omissions in the PPM Concerning Mandelbaum’s and Secured’s Fraudulent Use Of Investor Proceeds**

27. The Secured PPM stated that Secured intended to use investor proceeds for, among other things, offering and startup costs, initial working capital, and general corporate purposes. The PPM stated that approximately 80% of the offering proceeds would be used for making Senior Lifetime Loans and that the remaining funds would be used to cover management compensation, broker-dealer fees, due diligence fees, consulting and licensing fees, and legal costs.

28. Despite the PPM’s representations that offering proceeds would be used for Secured’s business purposes, in reality, Mandelbaum misappropriated offering proceeds for various personal uses. For example, in October 2013 Mandelbaum wired \$131,000 from Secured’s bank account to Austin, her daughter, to assist Austin with purchasing a home. Neither Mandelbaum nor Austin provided any consideration to Secured in exchange for this money. And in July 2013, Mandelbaum, Sage, and another Secured Director approved an

undocumented and improper “loan” to HSC, a Mandelbaum-controlled entity, pursuant to which HSC received \$300,000 in funds from Secured. Mandelbaum used those funds to acquire for herself an indirect controlling interest in Filewarden.

29. Mandelbaum and Sage also funneled offering proceeds by way of undocumented “loans” and other payments to Sarben, an entity controlled by Sage, which Sage then used to fund Sarben’s payroll and other expenses. These expenses were totally unrelated to Secured’s stated business purpose and were contrary to the statements in the PPM concerning the use of investor proceeds. Mandelbaum also transferred Secured offering proceeds to other entities, including to Filewarden, and to Intelakare Marketing (“Intelakare”) for services it performed on behalf of Filewarden. As with the payments to Sarben and to HSC, these payments represented a misuse of investor proceeds as they were for purposes unrelated to Secured’s purported business.

30. Mandelbaum, as majority shareholder and President, CEO and a Director of Secured, had ultimate authority over the representations contained in the PPM. Mandelbaum knew or was severely reckless in not knowing that her misuse of offering proceeds rendered the statements in the PPM concerning the legitimate use of the funds false and misleading. The PPM’s statements and omissions concerning the use of proceeds were material because a reasonable investor would consider it important to know in making their decisions to invest in Secured that Secured and Mandelbaum intended to use offering proceeds to enrich company insiders and pursue other business ventures instead of the purpose stated in the PPM.

**ii. Misrepresentations and Omissions in the PPM Concerning the Backgrounds Of Mandelbaum, Sage and Zimmerman**

31. The PPM contained numerous material misrepresentations and omissions concerning the backgrounds of Mandelbaum, Sage and Zimmerman. For example, the PPM contained a “Management” section, drafted by Sage, touting the professional experience of

Secured's officers and directors, including Mandelbaum and Sage. The PPM described Mandelbaum as having a "proven record of success" having "worked in the financial markets sector for over 25 years" and orchestrated "mergers and acquisitions both domestically as well as internationally." The PPM failed to disclose, however, that Mandelbaum was subject to antifraud and other injunctions arising out of an SEC enforcement action taken against her in SEC v. Hawa. The PPM also failed to disclose that Mandelbaum filed for bankruptcy protection on five separate occasions and that at least one of the proceedings was dismissed for lack of candor and cooperation. Similarly, the PPM touted Sage's experience, including his work as a marketing consultant, his previous variable annuities, life and health insurance licenses, and his educational history back to 1984. However, the PPM did not disclose Sage's 1993 antifraud injunctions issued in SEC v. U.S. Dairy Corp. or his 1994 penny stock bar.

32. In addition, the PPM did not mention Zimmerman at all, despite the fact that Mandelbaum had hired Zimmerman as Vice President of Investor Relations one week before the PPM was issued on February 15, 2013 at a rate of \$10,000 to \$12,000 per month. This omission was material because the PPM expressly stated that Secured would "pay licensed broker dealers a fee of 5% of funds raised in the offering" and the use of proceeds section stated that \$250,000 was budgeted for broker dealer fees. At the time these statements were made, Secured had hired Zimmerman – an unlicensed broker – to sell its securities, and had agreed to pay Zimmerman while it did not have (and never established) a relationship with a licensed broker dealer to sell its securities.

33. Moreover, this failure to disclose Zimmerman's involvement in Secured, including his retention and compensation, as well as the failure to disclose his antifraud and other injunctions entered against him in SEC. v Vector Medical Technologies were material omissions

because Zimmerman was an officer, Secured's sole fund raiser, its second highest paid employee, and one of only three principal employees of Secured – with the other two being Mandelbaum and Sage. The omissions are all the more glaring given that the PPM's use of proceeds section budgeted \$450,000 for management compensation and specified Mandelbaum, Sage, another director, and another member of management as payees while omitting Zimmerman and his anticipated compensation.

34. Mandelbaum and Secured knew or were severely reckless in not knowing that the PPM omitted material facts concerning the backgrounds of Mandelbaum and Zimmerman, because Mandelbaum was obviously aware of her own prior SEC-related disciplinary history and prior bankruptcies and had previously been made aware by Zimmerman of his SEC-related disciplinary history. Similarly, Sage knew or was reckless in not knowing that the Management section of the PPM omitted material facts regarding the backgrounds of Mandelbaum and Zimmerman, having previously been made aware by Mandelbaum and Zimmerman of their SEC-related disciplinary histories. Sage also knew or was reckless in not knowing that the Management section of the PPM omitted reference to his own prior antifraud injunctions and penny stock bar. These omissions were material because, in deciding whether or not to invest in Secured, a reasonable investor would consider it important to understand that Secured's three principal employees had antifraud and other injunctions arising from previous SEC enforcement actions and that Sage and Zimmerman had penny stock bars. Mandelbaum, as the President, CEO, majority shareholder, and a Director of Secured, had ultimate authority over these misrepresentations and omissions in the PPM.

**E. Zimmerman's Misrepresentations In Connection With Sales Of Filewarden Stock**

35. From December 2013 through February 2014, Tamda lent \$790,000 to Filewarden by way of six convertible promissory notes (the "Notes"). To fund the Notes, Zimmerman caused Tamda to purchase 3,225,000 shares in Filewarden for \$1,000 from two existing investors and then resell approximately 2,035,000 of the shares at \$0.50 per share to new investors (all but one of whom had previously invested in Secured Common Shares and/or Preferred Shares) for approximately \$1,017,500, in violation of his penny stock bar. Tamda next entered into the six Notes with Filewarden lending a total of \$790,000 to Filewarden in exchange for 15% (\$118,500) in "prepaid interest". In reality, the prepaid interest was a disguised commission for Tamda's sale of the Filewarden shares. Zimmerman, through Tamda, ultimately forgave the Notes.

36. In the course of the Filewarden share sales to investors, Zimmerman touted Filewarden's prospects to investors by stating that if they invested in Filewarden they would soon have the opportunity to sell Filewarden shares to market makers and broker dealers at a substantial profit. Zimmerman also advised investors that the proceeds from Tamda's sales of the Filewarden shares would be used for Filewarden's business purposes, including its business operations and working capital.

37. These statements were materially false and misleading. In reality, Zimmerman knew or was severely reckless in not knowing that there were no immediate prospects of liquidity and profitability for Filewarden's shares. Further, rather than using the proceeds from Tamda's sale of the Filewarden shares for Filewarden's business purposes, Zimmerman lent approximately \$227,500 of the proceeds to other entities, including HSC, Intelakare, White

Orchid Design Group, an entity controlled by Sage, and Centuri Global, Inc., in exchange for approximately \$29,850 in prepaid interest.

38. In addition to his sales of Tamda's Filewarden shares, in late 2014 and early 2015, Zimmerman raised approximately \$115,000 for Filewarden by selling Filewarden shares held by Haras Holdings at \$0.20 per share to existing Filewarden shareholders. Through his involvement in selling Haras Holdings's Filewarden shares, Zimmerman again violated his penny stock bar.

## **VII. CLAIMS FOR RELIEF**

### **COUNT I**

#### **VIOLATIONS OF SECTION 17(a)(1) OF THE SECURITIES ACT (As to Secured, Mandelbaum and Zimmerman)**

39. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

40. Defendants Secured, Mandelbaum and Zimmerman, in the offer or sale of securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly or recklessly employed devices, schemes or artifices to defraud.

41. By reason of the foregoing, Defendants Secured, Mandelbaum and Zimmerman, violated and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

### **COUNT II**

#### **VIOLATIONS OF SECTION 17(a)(2) OF THE SECURITIES ACT (As to Secured, Mandelbaum and Zimmerman)**

42. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

43. Defendants Secured, Mandelbaum and Zimmerman, in the offer or sale of securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly negligently obtained money or property by means of untrue statements of material fact or omitting to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

44. By reason of the foregoing, Defendants Secured, Mandelbaum and Zimmerman violated, and unless enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

### **COUNT III**

#### **VIOLATIONS OF SECTION 17(a)(3) OF THE SECURITIES ACT (As to Secured, Mandelbaum and Zimmerman)**

45. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

46. Defendants Secured, Mandelbaum and Zimmerman, in the offer or sale of securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly negligently engaged in acts, transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

47. By reason of the foregoing, Defendants Secured, Mandelbaum and Zimmerman violated, and unless enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

**COUNT IV**

**VIOLATIONS OF SECTION 10(b) AND RULE 10b-5(a) OF THE EXCHANGE ACT  
(As to Secured, Mandelbaum and Zimmerman)**

48. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

49. Defendants Secured, Mandelbaum and Zimmerman, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed devices, schemes or artifices to defraud in connection with the purchase or sale of securities.

50. By reason of the foregoing, Defendants Secured, Mandelbaum and Zimmerman violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(a) of the Exchange Act [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a)].

**COUNT V**

**VIOLATIONS OF SECTION 10(b) AND RULE 10b-5(b) OF THE EXCHANGE ACT  
(As to Secured, Mandelbaum and Zimmerman)**

51. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

52. Defendants Secured, Mandelbaum and Zimmerman, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in connection with the purchase or sale of securities.

53. By reason of the foregoing, Defendants Secured, Mandelbaum and Zimmerman violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(b) of the Exchange Act [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b)].



**COUNT VI**

**VIOLATIONS OF SECTION 10(b) AND RULE 10b-5(c) OF THE EXCHANGE ACT  
(As to Secured, Mandelbaum and Zimmerman)**

54. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

55. Defendants Secured, Mandelbaum and Zimmerman, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices and courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of securities.

56. By reason of the foregoing, Defendants Secured, Mandelbaum and Zimmerman violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(c) of the Exchange Act [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c)].

**COUNT VII**

**AIDING AND ABETTING SECTION 17(a)(1)  
OF THE SECURITIES ACT VIOLATIONS  
(As to Sage)**

57. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

58. Defendants Secured and Mandelbaum, in the offer or sale of securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly or recklessly employed devices, schemes or artifices to defraud in violation of Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

59. Defendant Sage knowingly or recklessly substantially assisted Defendants Secured and Mandelbaums' violations of Section 17(a)(1) of the Securities Act. Unless enjoined, Defendant Sage is reasonably likely to continue to provide substantial assistance to Secured and Mandelbaums' violations.

**COUNT VIII**

**AIDING AND ABETTING SECTION 17(a)(2)  
OF THE SECURITIES ACT VIOLATIONS  
(As to Sage)**

60. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

61. Defendants Secured and Mandelbaum, in the offer or sale of securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly negligently obtained money or property by means of untrue statements of material fact or omitting 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, in violation of Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

62. Defendant Sage knowingly or recklessly substantially assisted Defendants Secured and Mandelbaums' violations of Section 17(a)(2) of the Securities Act. Unless enjoined, Defendant Sage is reasonably likely to continue to provide substantial assistance to Secured and Mandelbaums' violations.

**COUNT IX**

**AIDING AND ABETTING SECTION 17(a)(3)  
OF THE SECURITIES ACT VIOLATIONS  
(As to Sage)**

63. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

64. Defendants Secured and Mandelbaum, in the offer or sale of securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly engaged in acts, transactions, practices or courses of

business which operated or would operate as a fraud or deceit upon the purchaser, in violation of Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

65. Defendant Sage knowingly or recklessly substantially assisted Defendants Secured and Mandelbaums' violations of Section 17(a)(3) of the Securities Act. Unless enjoined, Defendant Sage is reasonably likely to continue to provide substantial assistance to Secured and Mandelbaums' violations.

**COUNT X**

**AIDING AND ABETTING VIOLATIONS OF SECTION 10(b)  
AND RULE 10b-5(a) OF THE EXCHANGE ACT  
(As to Sage)**

66. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

67. Defendants Secured and Mandelbaum, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed devices, schemes or artifices to defraud in connection with the purchase or sale of securities in violation of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) thereunder [17 C.F.R. § 240.10b-5(a)].

68. Defendant Sage knowingly or recklessly substantially assisted Defendants Secured and Mandelbaums' violations of Section 10(b) and Rule 10b-5(a) of the Exchange Act. Unless enjoined, Defendant Sage is reasonably likely to continue to provide substantial assistance to Secured and Mandelbaums' violations.

**COUNT XI**

**AIDING AND ABETTING VIOLATIONS OF SECTION 10(b)  
AND RULE 10b-5(b) OF THE EXCHANGE ACT  
(As to Sage)**

69. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

70. Defendants Secured and Mandelbaum, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in connection with the purchase or sale of securities, in violation of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

71. Defendant Sage knowingly or recklessly substantially assisted Defendants Secured and Mandelbaums' violations of Section 10(b) and Rule 10b-5(b) of the Exchange Act. Unless enjoined, Defendant Sage is reasonably likely to continue to provide substantial assistance to Secured and Mandelbaums' violations.

**COUNT XII**

**AIDING AND ABETTING VIOLATIONS OF SECTION 10(b)  
AND RULE 10b-5(c) OF THE EXCHANGE ACT  
(As to Sage)**

72. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

73. Defendants Secured and Mandelbaum, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices and courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of securities in violation of

Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(c) thereunder [17 C.F.R. § 240.10b-5(c)].

74. Defendant Sage knowingly or recklessly substantially assisted Defendants Secured and Mandelbaums' violations of Section 10(b) and Rule 10b-5(c) of the Exchange Act. Unless enjoined, Defendant Sage is reasonably likely to continue to provide substantial assistance to Secured and Mandelbaums' violations.

### **COUNT XIII**

#### **VIOLATIONS OF SECTION 15(a) OF THE EXCHANGE ACT (As to Zimmerman and Tamda)**

75. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

76. Defendants Zimmerman and Tamda made use of the mails or any means or instrumentality of interstate commerce to effect transactions in securities, or to induce or attempt to induce the purchase or sale of securities, without being associated with a broker or dealer that was registered with the Commission in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(a).

77. By reason of the foregoing, Defendants Zimmerman and Tamda directly and indirectly violated, and unless enjoined, are reasonably likely to continue to violate, Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

### **COUNT XIV**

#### **AIDING AND ABETTING VIOLATIONS OF SECTION 15(a) OF THE EXCHANGE ACT (As to Secured and Mandelbaum)**

78. The Commission repeats and realleges paragraphs 1 through 38 above of this Complaint as if fully set forth herein.

79. Defendants Zimmerman and Tamda acted as brokers or dealers and have made use of the mails or any means or instrumentality of interstate commerce to effect transactions in securities, or to induce or attempt to induce the purchase or sale of securities, without being associated with a broker or dealer that was registered with the Commission in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b) in violation of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

80. Defendants Secured and Mandelbaum knowingly or recklessly substantially assisted Tamda and Zimmerman's violations of Section 15(a)(1) of the Exchange Act. Unless enjoined, Defendants Secured and Mandelbaum are reasonably likely to continue to provide substantial assistance to Tamda and Zimmerman's violations.

#### **VIII. RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court find the Defendants committed the violations alleged, and:

##### **I.**

##### **Permanent Injunctive Relief**

Issue a Permanent Injunction, restraining and enjoining:

- (1) Defendant Mandelbaum, her officers, agents, servants, employees, attorneys, and all persons in active concert or participation with her, from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b) and 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 77o(a)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];
- (2) Defendant Secured Income Reserve, Inc., its officers, agents, servants, employees, attorneys, and all persons in active concert or participation with it, from violating

Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b) and 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 77o(a)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

- (3) Defendant Zimmerman, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with him, from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b) and 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 77o(a)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];
- (4) Defendant Tamda, its officers, agents, servants, employees, attorneys, and all persons in active concert or participation with it, from violating Section 15(a) of the Exchange Act [15 U.S.C. § 77o(a)]; and
- (5) Defendant Sage, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with him, from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];
- (6) Defendant Mandelbaum from directly or indirectly, including, but not limited to, through any entity controlled by her: (i) participating in the issuance, purchase, offer, or sale of any security, or (ii) engaging in activities for purposes of inducing or attempting to induce the purchase or sale of any security; provided, however, that such injunction shall not prevent Mandelbaum from purchasing or selling securities listed on a national securities exchange for her own personal account;
- (7) Defendant Sage from directly or indirectly, including, but not limited to, through any entity controlled by him: (i) participating in the issuance, purchase, offer, or

sale of any security, or (ii) engaging in activities for purposes of inducing or attempting to induce the purchase or sale of any security; provided, however, that such injunction shall not prevent Sage from purchasing or selling securities listed on a national securities exchange for his own personal account;

- (8) Defendant Zimmerman from directly or indirectly, including, but not limited to, through any entity owned or controlled by him, soliciting any person or entity to purchase or sell any security.

## **II.**

### **Disgorgement**

Issue an Order directing Defendants Secured, Mandelbaum, Zimmerman, Tamda, and the Relief Defendants to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

## **III.**

### **Civil Money Penalties**

Issue an Order directing the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

## **IV.**

### **Officer and Director Bars**

Issue an order pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] barring Mandelbaum, Zimmerman and Sage from serving as an officer or director of any issuer that has a class of securities



registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. 78o(d)].

**V.**

**Compliance With Previous Court and Commission Orders**

Issue an order pursuant to Section 20(c) of the Securities Act and Section 21(e) of the Exchange Act commanding Mandelbaum, Zimmerman and Sage to comply with prior District Court Orders against them and commanding Zimmerman and Sage to comply with prior Commission Orders issued against them.

**VI.**

**Further Relief**

Grant such other and further relief as this Court may deem just and proper.

**VII.**

**Retention of Jurisdiction**

Further, the Commission respectfully requests that the Court retain jurisdiction over this action 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 by the Commission for additional relief within the jurisdiction of this Court.

**IX. DEMAND FOR JURY TRIAL**

The Commission hereby demands trial by jury.

Dated: August 24, 2016

Respectfully submitted,

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