

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ALEXANDER S. ROWLAND,

Defendant.

Civil Action No.

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff Securities and Exchange Commission (the “Commission”) alleges as follows against defendant Alexander S. Rowland (“Rowland”):

SUMMARY OF THE ACTION

1. From July 2016 through at least February 2020, Rowland orchestrated an offering fraud in which he raised approximately \$2.95 million from approximately 122 investors through his company, Roaring Investments, Inc. (“RII”). Instead of investing the money as promised, Rowland used the majority of investor proceeds for his personal benefit and to repay existing investors.

2. Several investors were inexperienced and financially unsophisticated and liquidated retirement accounts or obtained home equity loans to acquire the money to invest with Rowland’s company.

3. To induce potential investors to invest with RII, Rowland falsely claimed, among other things, that he was an experienced trader who would invest their funds in stocks, initial public offerings (“IPOs”), foreign currency exchange (“Forex”), or purported “cryptocurrency” trading, with guaranteed returns ranging from 20% within a few weeks to 140% within one year.

4. Rowland further deceived investors by creating and distributing investor updates with fictitious account balances, and by manipulating an on-line trading system to make it look as though he had access to millions of dollars in funds to guarantee the investments.

5. Instead of using investors' funds as promised, Rowland used the majority of funds raised for personal expenses, including the purchase of several luxury vehicles, jewelry, firearms, travel, and to repay earlier investors.

6. By engaging in the conduct described in this complaint, Defendant Rowland violated, and unless enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a), and Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R § 240.10b-5.

JURISDICTION AND VENUE

7. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act, 15 U.S.C. §§ 77t(b) and 77t(d), and Sections 21(d) and 21(e) of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78u(e), to enjoin such acts, transactions, practices, and courses of business, to obtain disgorgement, prejudgment interest, and civil money penalties, and such other and further relief as the Court may deem just and appropriate.

8. This Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act, 15 U.S.C. §§ 77t and 77v, and Sections 21 and 27 of the Exchange Act, 15 U.S.C. §§ 78u and 78aa.

9. Venue in this district is proper pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a). Certain of the acts, transactions, events and omissions giving rise to the violations of the federal securities laws

alleged herein occurred within this district and Defendant Rowland operated and maintained an office for RII in this district.

DEFENDANT

10. **Alexander S. Rowland**, age 29, is a resident of Glassboro, New Jersey. Rowland was the founder, President, and Chief Executive Officer (“CEO”) of RII, a New Jersey corporation he formed in July 2016, formerly with a principle place of business in Philadelphia, Pennsylvania.

FACTS

I. ROWLAND FRAUDULENTLY INDUCED INVESTORS TO INVEST MILLIONS OF DOLLARS WITH RII

A. Rowland Offered and Sold to Investors Short-Term and One-Year Investment Agreements

11. In July 2016, Rowland formed RII as a purported investment company and served as RII’s President and CEO.

12. To give the appearance of a legitimate company, Rowland hired a small staff, rented office space in Philadelphia, and operated a company website on which he described RII as a “family-oriented corporation built on strong values.”

13. Rowland directed bank accounts, which he alone controlled, to be opened in RII’s name.

14. Defendant offered and sold to potential investors in Pennsylvania and elsewhere “Short-Term” or “One-Year” investment agreements (collectively, the “Investment Agreements”), which were two-page documents drafted by or at the direction of Rowland.

15. The Investment Agreements promised investors, among other things, a “prorated portion of profit based on [the] amount invested and company profit,” which was to be “made from a corporate income strategy.”

16. The Short-Term investment required an investment term ranging between four and 24 weeks and promised returns as high as 30%. The One-Year investment promised returns ranging between 20% and 50%.

17. Rowland solicited investors directly during in-person meetings, on the telephone, and in emails, and indirectly through certain RII employees and referrals from existing investors.

18. To obtain money to invest with RII, several inexperienced and financially-unsophisticated investors liquidated retirement accounts or obtained home equity loans.

B. Rowland's Misrepresentations to Investors

19. From July 2016 to at least February 2020, Rowland made material misstatements and omissions to induce approximately 122 investors located in multiple states to invest approximately \$2.95 million with RII.

1. Rowland Lied about his Experience

20. To deceive potential investors into investing with RII, Rowland made materially false statements about his qualifications and experience trading securities.

21. Rowland falsely told certain potential investors that he was an experienced investment professional licensed with the Commission and that he held a Series 7 license. These statements were not true. Rowland had no prior experience in the securities industry and was never licensed or registered with the Commission.

22. In a slide presentation he created to market his company to certain investors (the "Investor Presentation"), Rowland misrepresented himself as an experienced and successful "Forex Trader." Rowland had no experience trading Forex and was generally unsuccessful in his attempts to trade in Forex after people invested.

23. Rowland lied to potential investors and misrepresented his qualifications in order to give them a false sense of security that they were entrusting their money to a trained and

licensed professional.

2. Rowland Lied About How Investors' Funds Would Be Invested

24. Rowland and RII employees at Rowland's direction falsely told potential investors that their funds would be invested in purported "cryptocurrencies," Forex, stocks, and IPOs.

25. In reality, Rowland invested only a fraction of investor proceeds as promised, and the small amount of trading in "cryptocurrencies" and Forex that Rowland conducted, on the whole, generally lost money.

3. Rowland Created False Investor Updates and Personal Account Statements

26. Rowland made oral and written misrepresentations to investors guaranteeing a return on their investments, regardless of RII's performance, based upon his alleged substantial personal assets and convinced investors to reinvest with fictitious account updates.

27. In the Investor Presentation, Rowland stated that RII "will guarantee a specific minimum return regardless of company performance," and promised investors that "a specific amount that will be returned to you at the one year point regardless, [*sic*] of company performance." The Investor Presentation also stated that RII wouldn't "make any compensation, unless we make money for our clients."

28. Similarly, in the Investment Agreements, Rowland promised that if RII's "performance does not allow for profit disbursement a guaranteed amount will be returned by President/CEO Alexander Rowland from personal assets."

29. Rowland lacked sufficient personal assets to guarantee repayment of investors' principal, let alone any interest. His representations in the Investor Presentation and Investment Agreements guaranteeing returns were all false.

30. Beginning in 2017, to trick certain unsuspecting investors into believing that their investments were secure, and to convince RII's employees of his success, Rowland showed them purported personal brokerage account statements with an account balance as high as \$3 million.

31. These personal brokerage account statements were fake. Rowland created the fraudulent statements by manipulating an on-line trading system and using stock watch lists to give the appearance that he personally had access to millions of dollars that he could use to repay investors.

32. Likewise, in an effort to deceive investors into believing that he had invested their money as promised, and to convince them to reinvest rather than cash-out their investments, Rowland provided investors with phony and meaningless account updates.

33. Certain investors increased existing investments or made new investments after receiving these updates from Rowland.

34. Rowland sent certain investors update letters that falsely reported current account values and substantial investment gains, some nearly double the amount of the initial investment.

35. These reported account values were fake, conjured up by Rowland to make it appear as though investors' accounts were gaining in value. In reality, there were no gains from investment activity because Rowland did not invest the funds as promised.

36. In other investor update letters, Rowland falsely reported lucrative stock holdings even though Rowland had not purchased any stock for investors.

37. Beginning in 2018, investors could check the alleged value of their accounts by logging into their accounts through RII's website.

38. Rowland fabricated the electronic account records by directing RII employees to enter fictional and arbitrary percentages of gains.

39. Rowland provided these fraudulent paper and electronic account updates with imaginary values to investors in order to convince them to reinvest with RII rather than request a distribution, and so that investors would not discover the fraud.

40. On those occasions when an investor demanded a distribution from their investment, Rowland repaid that investor with funds raised from other investors in a Ponzi-like payment.

4. Rowland Misappropriated Investor Funds

41. Contrary to his representations, Rowland did not invest investor proceeds in any stocks or IPOs and spent only a fraction of investor funds trading digital assets and Forex. Instead, he spent the majority of investor funds on personal use and to repay earlier investors.

42. In total, Rowland misappropriated approximately \$1,237,612 of investors' funds for his own benefit, spending the misappropriated funds on things like luxury cars, a motorcycle, firearms, jewelry from Tiffany & Co., plastic surgery, and family vacations.

43. To keep the fraud going, Rowland used an additional \$1.2 million of investor funds to make Ponzi-like payments to earlier investors.

II. DEFENDANT VIOLATED THE FEDERAL SECURITIES LAWS

44. At all relevant times, Rowland owned, operated, and controlled RII.

45. The investments with RII described above that Rowland and others at his direction offered and sold to clients are securities within the meaning of both the Securities Act and the Exchange Act.

46. The investments with RII were all in a common enterprise run by Rowland, with the expectation of profits to be derived solely from his efforts.

47. Investors played no role in the management or operations of the business of RII.

48. Investors provided Rowland with an investment of money—between July 2016

and February 2020 approximately 122 investors gave him approximately \$2.95 million.

49. Investors made their investments with a reasonable expectation of profits to be derived solely from Rowland's supposed ability to generate profits without any participation by any of its investors.

50. Rowland engaged in the offer and sale of the securities by use of the means or instruments of transportation or communication in interstate commerce, the instrumentalities of interstate commerce, and/or by use of the mails.

51. Directly or indirectly, Rowland made materially false and misleading statements and omissions concerning the legitimacy of the investments and the use of investor proceeds.

52. Directly or indirectly, Rowland knowingly or recklessly made material untrue statements and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

53. A reasonable investor would consider the misrepresented facts and omitted information—including, among other items, misrepresentations and omissions regarding the lack of actual investments by Rowland, the use of investors' money for Rowland's personal expenses, and using new investments to repay prior investors—important in deciding whether or not to purchase the securities.

54. The untrue statements of material fact and material omissions described herein were made in the offer or sale and in connection with the purchase or sale of securities.

55. In connection with the conduct described herein, Rowland acted knowingly or recklessly. Rowland knew or was reckless in not knowing that he was making material misrepresentations and omitting to state material facts necessary to make certain statements not misleading under the circumstances.

56. Rowland used devices, schemes, and artifices to defraud investors, and engaged in acts, transactions, practices, or courses of business that operated as a fraud or deceit upon the investors.

57. Among other things, Rowland used investors' funds as his own, misled investors as to the nature of their investments, and took careful steps to hide his scheme by providing investors with fictitious account balances, and used investors' funds to repay earlier investors.

FIRST CLAIM FOR RELIEF
(Violations of Section 17(a) of the Securities Act)

58. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 57, inclusive, as if they were fully set forth herein.

59. As a result of the conduct alleged herein, Defendant Rowland, in the offer or sale of securities, directly or indirectly, by the use of the means or instruments of transportation or communication in interstate commerce, or the mails:

- a. knowingly or recklessly employed devices, schemes, or artifices to defraud;
- b. knowingly, recklessly, or negligently obtained money or property by means of any untrue statements of material fact, or 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; or
- c. knowingly, recklessly, or negligently engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers of securities.

60. By engaging in the foregoing conduct, Defendant Rowland violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act, 15 U.S.C. §

77q(a).

SECOND CLAIM FOR RELIEF
(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder)

61. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 57, inclusive, as if they were fully set forth herein.

62. As a result of the conduct alleged herein, Defendant Rowland knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use of the means or instrumentality of interstate commerce or of the mails, or a facility of a national securities exchange:

- a. employed devices, schemes or artifices to defraud;
- b. made untrue statements of material fact, or 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; or
- c. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

63. By engaging in the foregoing conduct, Defendant Rowland violated, and unless restrained and enjoined will continue to violate, 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.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment:

I.

Permanently restraining and enjoining Defendant Rowland from violating Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), and 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;

II.

Ordering Defendant Rowland to disgorge any and all ill-gotten gains, together with prejudgment interest, derived from the activities set forth in this Complaint; and

III.

Ordering Defendant Rowland to pay civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3); and

IV.

Retaining jurisdiction of this action for purposes of enforcing any final judgment and orders; and

V.

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

Respectfully submitted,



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