

Jurisdiction and Venue

1. The SEC brings this action under the Securities Act of 1933 (“Securities Act”) Section 20(b) [15 U.S.C. §77t(b)], the Securities Exchange Act of 1934 (“Exchange Act”) Sections 21(d) and 21(e) [15 U.S.C. §§78u(d) and 78u(e)], and the Investment Advisers Act of 1940 (“Advisers Act”) Sections 209(d) and 209(e) [15 U.S.C. §§ 80b-9(d) and 80b-9(e)].

2. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Sections 209(d), 209(e), and 214 of the Advisers Act [15 U.S.C. §§ 80b-9(d), 80b-9(e), and 80b-14]. Salamah has, directly or indirectly, made use of the means and instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the acts, transactions, practices, and courses of business alleged in this Complaint, and will continue to do so unless enjoined.

3. Venue is proper in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27(a) of the Exchange Act [15 U.S.C. § 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14]. Salamah resides in this district, transacted business in this district, and many of the acts, practices, and courses of business constituting the violations alleged herein occurred within the Northern District of Illinois.

Defendant

4. **Naseem Mohammed Salamah**, age 40, resides in Rockford, Illinois. From January 2013 to June 2021, Salamah was an investment adviser representative with a then state-registered investment adviser. Salamah operated a branch office of the state-

registered investment adviser in Loves Park, Illinois and was the sole representative of the branch. On June 29, 2021, Salamah's employment with the state-registered investment adviser was terminated.

Facts

5. From at least August 2017 to May 2021, Salamah stole at least \$968,582 from three elderly advisory clients.

6. The client brokerage accounts at issue were maintained at an SEC registered broker-dealer through its Adviser Services platform.

7. Salamah filed for bankruptcy in 2016. However, Salamah continued to have financial difficulties. Beginning in August 2017, he started taking money from three of his elderly clients' brokerage accounts.

8. Salamah chose these three elderly clients because he did not think they would pay too much attention to their brokerage account statements.

9. To perpetrate the fraud, Salamah generally sold securities in these three clients' brokerage accounts pursuant to prior authorizations to execute trades in their accounts on their behalf.

10. Salamah then requested that these clients sign blank authorization documents allowing him to transfer their funds. Salamah represented to the clients that he was moving their funds to diversify their securities holdings.

11. Once signed, Salamah fraudulently altered these signed authorization documents by adding the payment amount and the name and address of payees whose names or initials corresponded to the names on a bank account that he controlled and on

which he was a signatory. He also forged the signature of the Chief Compliance Officer of the state-registered investment adviser he was associated with in order to make it appear that the Chief Compliance Officer had authorized the transfer of funds from the clients' brokerage accounts.

12. Using these fraudulently altered authorization forms, Salamah requested that the broker-dealer disburse the funds in checks made payable to the bank account that Salamah controlled.

13. Salamah deposited all of the checks into this bank account and spent the funds on personal expenses, including dinners, vacations, luxury cars that he leased, and private school tuition for his children.

14. When Salamah's advisory clients inquired about the transfers, Salamah advised them that the transfers were made to diversify their securities holdings.

15. When one of Salamah's clients continued to question why her account balances were much smaller than what she expected, Salamah provided her with fraudulently altered brokerage statements that made the account balances and the securities balances appear higher than they actually were.

16. To further hide his fraudulent scheme, Salamah fabricated tax forms for one of his clients when questions arose concerning withdrawals from her brokerage account and taxes owed to the IRS.

17. In May 2021, Salamah's scheme started to unravel when one of his clients' daughter learned of the significant withdrawals from that client's brokerage

account and raised questions with the SEC registered broker-dealer and state-registered investment adviser.

18. As a result, Salamah's employment was terminated, and he was denied access to his clients' accounts.

COUNT I

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder)

19. The SEC re-alleges and incorporates by reference paragraphs 1 through 18 as if fully set forth herein.

20. By engaging in the conduct described in paragraphs 1 through 18 above, Defendant Salamah has, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, or any national securities exchange, directly and indirectly: (a) used and employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and omitted 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; and (c) engaged in acts, practices, and courses of business which operated or would operate as a fraud and deceit upon other persons.

21. Salamah acted with scienter by knowingly and recklessly engaging in the fraudulent conduct described above.

22. By engaging in the conduct described above, Salamah violated 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].

COUNT II

Violations of Section 17(a) of the Securities Act

23. The SEC re-alleges and incorporates by reference paragraphs 1 through 18 as if fully set forth herein.

24. By engaging in the conduct described in paragraphs 1 through 18 above, Salamah, in the offer and sale of securities, by the use of the means and instruments of interstate commerce, directly or indirectly:

- (a) employed devices, schemes and artifices to defraud;
- (b) obtained money or property by means of untrue statements of material fact and by omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- (c) engaged in transactions, practices, and courses of business that operated or would operate as a fraud and deceit upon the purchasers of such securities.

25. Salamah knowingly, recklessly, and negligently engaged in the conduct described above.

26. By reason of the foregoing, Salamah violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

COUNT III

(Violations of Sections 206(1) and 206(2) of the Advisers Act)

27. The SEC re-alleges and incorporates by reference paragraphs 1 through 18 as if fully set forth herein.

28. By engaging in the conduct described in paragraphs 1 through 18 above, Salamah, while acting as an investment adviser, directly or indirectly, by use of the mails

or means or instrumentalities of interstate commerce: (a) employed devices, schemes, and artifices to defraud his clients; and (b) engaged in transactions, practices, and courses of business that operated as a fraud and deceit upon clients or prospective clients.

29. Salamah knowingly, recklessly, and negligently engaged in the conduct described above.

30. By reason of the foregoing, Salamah violated Sections 206(1) and (2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

RELIEF REQUESTED

WHEREFORE, the SEC respectfully requests that this Court:

I.

Enter an Order finding that Salamah committed, and unless restrained, will continue to commit, the violations charged and alleged herein.

II.

Enter an Order permanently restraining and enjoining Salamah from, directly or indirectly, 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] and Rule 10b-5 thereunder [17 CFR § 240.10b-5], and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

III.

Issue an Order requiring Salamah to disgorge the ill-gotten gains received as a result of the violations alleged in this Complaint, including prejudgment interest, pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)] and Sections

6501(a)(1) and (a)(3) of the National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, to be codified at 15 U.S.C. §§ 78u(d)(3) and 78u(d)(7).

IV.

Issue an Order imposing upon Salamah appropriate civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

V.

Retain jurisdiction of this action in accordance with 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 applications or motions for additional relief within the jurisdiction of this Court.

VI.

Grant such other relief as this Court deems appropriate.

JURY DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the SEC hereby requests a trial by jury.

Dated: September 28, 2021

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION**

/s/ Daniel J. Hayes

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