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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

-against-

JEBARA IGBARA,

Defendant.

COMPLAINT

22 Civ. 6669 ()

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Defendant Jebara Igbara (“Igbara” or “Defendant”), alleges as follows:

SUMMARY

1. This action involves the Defendant’s misappropriation of over \$8 million in investor funds and material misrepresentations in connection with the offering of promissory notes targeting the New York metropolitan area’s Muslim community.

2. Beginning in approximately October 2019, Igbara founded Halal Capital, LLC (“Halal Capital”) with the goal of sharing his purported business expertise with the Muslim community. Following its founding, Igbara began issuing promissory notes to investors and

promising significant returns of approximately 40 percent or more on an annualized basis.

Igbara promised to invest Halal Capital investor funds in a manner that was compliant with his and the investors' interpretation of the Quran and, to at least 2 investors, orally guaranteed the return of their initial investment plus interest.

3. From approximately October 2019 through August 2020 (the "Relevant Period"), Halal Capital and Igbara obtained more than \$8 million from more than a dozen different investors.

4. Igbara, however, did not use any of Halal Capital's investment funds to actually make the claimed investments on behalf of Halal Capital's investors, and in fact, misappropriated all of Halal Capital's investor proceeds either for his own personal expenses, which included the purchase of luxury automobiles and online gambling expenditures, or to make Ponzi-like payments to Halal Capital's investors.

VIOLATIONS

5. By virtue of the foregoing conduct and as alleged further herein, Igbara violated 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].

6. Unless Igbara is restrained and enjoined, he will engage in the acts, practices, transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

7. The Commission brings this action pursuant to the authority conferred upon it by Securities Act Sections 20(b) and 20(d) [15 U.S.C. §§ 77t(b) and 77t(d)] and Exchange Act

Section 21(d) [15 U.S.C. § 78u(d)].

8. The Commission seeks a judgment: (a) permanently enjoining Igbara from violating the federal securities laws and rules this Complaint alleges he has violated; (b) ordering Igbara to disgorge all ill-gotten gains he received as a result of the violations alleged here and to pay prejudgment interest thereon pursuant to Exchange Act Sections 21(d)(3), 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(3), 78u(d)(5), and 78u(d)(7)]; (c) ordering Igbara to pay civil money penalties pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and (d) ordering any other and further relief the Court may deem just and proper.

JURISDICTION AND VENUE

9. This Court has jurisdiction over this action pursuant to Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27 [15 U.S.C. § 78aa].

10. Defendant, directly and indirectly, has made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

11. Venue lies in this District under Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27 [15 U.S.C. § 78aa]. Several of Halal Capital's investors reside in the Eastern District of New York and executed their investment agreements and provided their investment funds to Halal Capital within the Eastern District of New York.

DEFENDANT

12. **Igbara**, age 27, is a resident of Edgewater, New Jersey. He founded Halal Capital in approximately October 2019. During the Relevant Period, Igbara told investors that he would only use Halal Capital's investors' money for investment in Quran-compliant

activities.

OTHER RELEVANT ENTITIES

13. **Halal Capital** is a New Jersey limited liability company with its principal place of business in Paramus, New Jersey. It is a private investment fund purportedly focused on making Quran-compliant investments.

FACTS

I. THE HALAL CAPITAL OFFERING

14. During the Relevant Period, Halal Capital and Igbara offered promissory notes to New York City's Muslim community, representing that investor funds would only be invested in Quran-compliant investments, such as being pooled for the purchase of wholesale goods for resale, including electronics and personal protective equipment ("PPE").

15. The promissory notes provided for a set interest rate ranging from approximately 40 percent to more than 100 percent on an annualized basis. The promissory notes either provided for interest to be paid on a monthly basis with the initial investment paid at the maturity of the promissory note, which was up to one year from the note's issuance, or for interest and the initial investment amount to be paid at maturity. The rate of return depended on the amount invested and the time frame for repayment.

16. Igbara sold the Halal promissory notes for a claimed business enterprise and to allegedly finance substantial investments in wholesale goods with the aim of generating a profit through their resale. Igbara and Halal Capital actively solicited from New York's large Muslim community, and investors were primarily interested in the profit from their investments in Halal Capital. Investors were told that the purpose of Halal Capital and their investments was to enrich New York's Muslim community through Igbara's efforts and expertise, and in fact, the

promissory notes specifically referred to the buyer as an investor. Finally, there is no regulatory scheme that would significantly reduce the risk of the investments offered by Halal Capital and Igbara.

17. Before sending funds to Halal Capital and Igbara, investors executed an investment agreement entitled “Transfer of Funds (Investment) Agreement” providing a rate of return and the date that both the initial investment and interest would be paid. In furtherance of the goal of the Halal Capital investments being compliant with the Quran, the agreements contained a provision that there would be no penalty for any late payments made by Halal Capital to investors.

18. During the Relevant Period, Halal Capital received over \$8 million from approximately 12 to 15 investors, with investments ranging from approximately \$10,000 to over \$2,000,000, including from several community centers and a mosque.

II. IGBARA’S MISREPRESENTATIONS TO HALAL CAPITAL INVESTORS

19. Investors were persuaded to invest in Halal Capital based on the false representation that Igbara would invest their money in a Quran-compliant manner. In at least one instance, Igbara also orally guaranteed to at least two investors that they would receive their initial investment with interest upon maturity of their promissory note.

20. For example, in approximately December 2019, Igbara met a prospective investor (“Investor 1”) at a sports club. Shortly thereafter, Investor 1, along with his relative (“Investor 2”), met Igbara at a coffee shop, where Igbara discussed his purported business expertise and his management of Halal Capital.

21. At Igbara’s suggestion, Investor 1 reached out to the relative of an earlier Halal Capital investor, who told Investor 1 that Halal Capital was paying returns on the Halal Capital

investments as promised by Igbara. Following that call, Investor 1 reached out directly to Igbara who explained the investment and told him that he could earn higher returns if he invested a larger amount of money.

22. Igbara also told Investor 1 that he would personally guarantee a return of Investor 1's initial investment.

23. Based on the false representations that Igbara would invest his money in a manner consistent with the Quran and Igbara's personal guarantee, Investor 1 invested \$100,000.

24. Shortly after Investor 1 made his \$100,000 investment in Halal Capital, Igbara reached out to Investor 2, and convinced both Investor 1 and Investor 2 to make a larger investment, explaining once again that the larger the investment they made, the larger returns they would receive and personally guaranteeing their investments. As a result, Investor 1's original Halal Capital investment was voided, and a new investment agreement with Halal Capital for a \$350,000 investment was signed in early January 2020. This agreement included a guaranteed 15% monthly return for a period of one year.

25. In the ensuing months, Investor 1 and Investor 2 received several monthly interest payments pursuant to their agreement, which Igbara sourced from other Halal Capital investor funds. However, their remaining interest payments were not made and their initial investment was never returned as promised.

26. Igbara made various false claims related to the delay, including that millions of dollars in investor money had been stolen from his car.

27. Igbara subsequently reached out to Investor 1 claiming that he would send the initial amount he and Investor 2 invested by wire, but no wire was ever sent, and Investor 1 and Investor 2 never received the remainder of the guaranteed interest payments or a return of their

initial investment.

28. Based on similar false claims that Igbara would invest his money in a Quran-compliant manner, in late February 2020, another prospective investor (“Investor 3”) agreed to invest \$100,000 in Halal Capital and executed a promissory note providing for a 20% return on investment in a little less than 6 months.

29. However, when Investor 3’s payment was due in June 2020, he was instead offered a new deal. Investor 3 agreed to rollover his investment in Halal Capital, which was now allegedly worth \$120,000, due to his prior investment plus interest, at a 20% rate of return.

30. In September 2020, when his second Halal Capital investment return was due, Investor 3 was again told that there was a delay and that Igbara needed a couple more weeks to pay him back. Ultimately, Investor 3 never received any of the promised interest payments or a return of his initial investment from Igbara or Halal Capital.

31. In reality, as discussed below, none of the Halal Capital investors’ money was actually placed in any investment, let alone the purported Quran-compliant investments, but rather was misappropriated by Igbara.

III. MISAPPROPRIATION OF INVESTOR FUNDS

32. Igbara used Halal Capital investment funds for his own personal expenses or to make Ponzi-like payments to earlier investors.

33. Ultimately, when Halal Capital and Igbara were unable to return investors’ initial investment or make monthly interest payments, Igbara made a number of false claims related to the delays, including that payments were delayed due to the Covid-19 pandemic.

34. Of the more than \$8 million collected by Halal Capital from the New York metropolitan area’s Muslim community during the Relevant Period, Igbara used all of the Halal

Capital funds for personal expenses or to make Ponzi-like interest payments to earlier Halal Capital investors, and not for the claimed investment purposes.

35. Specifically, Igbara used Halal Capital's investor funds to buy several luxury automobiles and to pay for online gambling expenditures and other personal expenses, including the repayment of personal loans he received from family, friends, and a jeweler.

36. Igbara never disclosed to investors that he was using their investments in this manner.

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

37. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 36.

38. Igbara, directly or indirectly, singly or in concert, in the offer or sale of securities and by the use of the means or instruments of transportation or communication in interstate commerce or the mails, (1) knowingly or recklessly employed one or more devices, schemes or artifices to defraud, (2) knowingly, recklessly, or negligently obtained money or property by means of one or more untrue statements of a material fact or omissions of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (3) knowingly, recklessly, or negligently engaged in one or more transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

39. Igbara violated Section 17(a) of the Securities Act by, among other things, knowingly or recklessly making material misrepresentations to Halal Capital's investors about the use of money Halal Capital raised and misappropriating their investments.

40. By reason of the foregoing, Igbara, directly or indirectly, singly or in concert, has

violated and, unless enjoined, will again violate Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

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

41. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 36.

42. Igbara, directly or indirectly, singly or in concert, in connection with the purchase or sale of securities and by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly (i) employed one or more devices, schemes, or artifices to defraud, (ii) made one or more untrue statements of a material fact or omitted to state one or more material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (iii) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

43. Igbara violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by, among other things, knowingly or recklessly making material misrepresentations to Halal Capital's investors about the use of money Halal Capital raised and misappropriating their investments.

44. By reason of the foregoing, Igbara, directly or indirectly, singly or in concert, has violated and, unless enjoined, will again violate Exchange Act Section 10(b) [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 the Court enter a Judgment:

I.

Permanently enjoining Igbara from violating, directly or indirectly, Securities Act Section 17(a) [15 U.S.C. § 77q(a)] and Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

II.

Ordering Igbara to disgorge all ill-gotten gains he received directly or indirectly, with prejudgment interest thereon pursuant to Exchange Act Sections 21(d)(3), 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(3), 78u(d)(5), and 78u(d)(7)];

III.

Ordering Igbara to pay civil monetary 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.

Granting any other and further relief this Court may deem just and proper.

Dated: New York, New York
November 2, 2022

/s/ Thomas P. Smith, Jr.

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