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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **-against-** **LEOR MOSHE, JACOB GOLDMAN, and ISAAC ODES,** **Defendants.**	**<u>COMPLAINT</u>** **26 Civ. 10253** **JURY TRIAL DEMANDED**

Plaintiff Securities and Exchange Commission (the "Commission"), 100 Pearl Street, Suite 20-100, New York, NY 10004, for its Complaint against Defendants Leor Moshe ("Moshe"), whose last known address is 437 Brentwood Avenue, Toms River, New Jersey 08755; Jacob Goldman ("Goldman"), whose last known address is 2360 Route 9, Suite 3227, Toms River, New Jersey 08755; and Isaac Odes ("Odes"), whose last known address is 229 Benjamin Street, Toms River, New Jersey 08755 (collectively, "Defendants"), alleges as follows:

SUMMARY

1. Defendant Moshe exploited the trust of his religious community to run a $47 million investment fraud. Through his company, Capital Funding ASAP LLC ("Capital Funding"), Moshe represented to investors that their money would fund short-term business loans for small businesses in need of immediate capital. Instead, he stole millions of dollars for himself and used later investors' money to pay earlier ones in a Ponzi-like manner.

2. Between approximately November 2019 and June 2023 (the "Relevant Period"), Moshe solicited at least 87 investors, raising at least $47 million. He promised investors fixed returns of between 22% and 53% on one-year investments, and between 9% and 10% on shorter, two- to three-month investments.

3. Investors sent their money to Capital Funding believing it would fund short-term loans to small businesses, as Moshe represented.

4. Instead of funding business loans, Moshe misappropriated at least $11 million for himself—to pay gambling debts, personal credit card bills, home renovation expenses, and mortgage and car payments. He also used investor funds to pay earlier investors in a Ponzi-like fashion. Capital Funding made few, if any, legitimate loans.

5. By the time the scheme collapsed in mid-2023, investors had lost more than $25 million.

6. Additionally, from approximately August 2021 through June 2023, Moshe paid Defendants Odes and Goldman to recruit investors. Together, Odes and Goldman brought in at least 25 investors who invested more than $23 million in Capital Funding.

7. Odes and Goldman described the investment opportunity to investors, helped negotiate terms, facilitated the collection of funds, and received transaction-based compensation—without ever registering as broker-dealers or associating with any registered broker-dealer.

VIOLATIONS

8. By virtue of the foregoing conduct and as alleged further herein: Moshe 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 Goldman and Odes violated Exchange Act Section 15(a) [15 U.S.C. § 78o(a)].

9. Unless Defendants are restrained and enjoined, they 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

10. 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)].

11. The Commission seeks a final judgment:

a. permanently enjoining Defendants from violating the federal securities laws and rules this Complaint alleges they have violated;

b. ordering Defendants to disgorge all ill-gotten gains they 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 Defendants 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)];

d. permanently enjoining Moshe from participating, directly or indirectly, including, but not limited to, through any entity owned or controlled by Moshe, in the issuance, purchase, offer, or sale of any security; provided, however, that such injunction shall not prevent Moshe from purchasing or selling securities for his own personal accounts, pursuant to Securities Act Section 20(b) [15 U.S.C.

§ 77t(b)] and Exchange Act Sections 21(d)(1) and 21(d)(5) [15 U.S.C. §§ 78u(d)(1) and 78u(d)(5)]; and

e. ordering any other and further relief the Court may deem just and proper.

JURISDICTION AND VENUE

12. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331, Securities Act Section 20(d)(1) and 22(a) [15 U.S.C. §§ 77(d)(1), 77v(a)], and Exchange Act Sections 21(d) and 27 [15 U.S.C. §§ 78u(d) and 78aa].

13. Defendants, directly and indirectly, have 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.

14. Venue lies in this District under 28 U.S.C. § 1391(b), Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27 [15 U.S.C. § 78aa]. Defendants may be found in, are inhabitants of, or transact business in the District of New Jersey, and certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within this District, including Defendants' solicitation of multiple investors in this District and solicitations directed to investors residing in this District.

DEFENDANTS

15. **Moshe**, age 43, is a resident of Toms River, New Jersey. Moshe is the founder of Capital Funding and controlled it throughout the Relevant Period. Moshe served as Capital Funding's sole owner, member, and manager, until he added Goldman as a second member on April 27, 2023. During the Commission's investigation that preceded this action, Moshe asserted his Fifth Amendment privilege against self-incrimination and refused to answer questions or provide information about Capital Funding, its investors, or his use of investor funds. Moshe has never held any securities licenses, has never been registered with the Commission in any capacity, and has no prior disciplinary history.

16. **Odes**, age 40, is a resident of Toms River, New Jersey. Odes acted as a salesperson for investments in Capital Funding. Odes has never held any securities licenses, has never been registered with the Commission in any capacity, and has no prior disciplinary history.

17. **Goldman**, age 44, is a resident of Toms River, New Jersey. Goldman acted as a salesperson for investments in Capital Funding, and Moshe added him as Capital Funding's second member on April 27, 2023. During the Commission's investigation that preceded this action, Goldman asserted his Fifth Amendment privilege against self-incrimination and refused to answer questions or provide information about Capital Funding, his solicitation of investors, or his receipt of

compensation for that solicitation. Goldman has never held any securities licenses, has never been registered with the Commission in any capacity, and has no prior disciplinary history.

OTHER RELEVANT INDIVIDUALS AND ENTITIES

18. **Capital Funding**, a New Jersey limited liability company with its principal place of business in Toms River, New Jersey, was incorporated by Moshe on January 8, 2018. Throughout the Relevant Period, Moshe exerted control over Capital Funding, serving as its sole owner, member, and manager, until he added Goldman as the second member on April 27, 2023. Capital Funding appears to have ceased active operations and, based on the Commission's investigation to date, has no known assets or open bank accounts. Capital Funding has never been registered with the Commission.

19. **Iruka Funding LLC ("Iruka Funding")**, a New Jersey limited liability company with its principal place of business in Jackson, New Jersey, was incorporated by Moshe on March 1, 2023, and subsequently dissolved by Moshe on April 20, 2023. At relevant times, Moshe served as Iruka Funding's sole owner, manager, and member, exerted control over it, and used it to receive investor funds as part of the scheme. Iruka Funding is now defunct and, based on the Commission's investigation to date, has no known assets or open bank accounts.

20. **120 Whitesville LLC ("120 Whitesville")**, a New Jersey limited liability company with its principal place of business in Toms River, New Jersey, was incorporated by Moshe on September 22, 2022. Throughout the Relevant Period, Moshe was 120 Whitesville's sole owner, manager, and member, exerted control over it, and used it to enter into a promissory note as part of the scheme.

FACTS

I. DEFENDANTS SOLICITED INVESTORS FOR CAPITAL FUNDING.

a. Moshe and Capital Funding

21. Before and during the Relevant Period, Moshe was an active member of the Orthodox Jewish community in Toms River, New Jersey. He used the reputation and relationships he cultivated within that community to carry out a fraudulent securities offering.

22. Capital Funding claimed to be in the business of making short-term loans to businesses.

23. In 2018, Moshe opened a bank account for Capital Funding at a major national bank (the "Capital Funding Bank Account").

24. Moshe was the sole signatory for the Capital Funding Bank Account until May 25, 2023, when he added Goldman as a second signatory.

b. Defendants Raised More than $47 Million from Investors.

25. During the Relevant Period, Moshe solicited investments in Capital Funding from a network of contacts drawn primarily from Orthodox Jewish communities in New Jersey and New York.

26. Most of Moshe's victims were unsophisticated investors who trusted him because of their shared social and community ties.

27. Between at least August 2021 and June 2023, Moshe paid Odes and Goldman to solicit investments in Capital Funding.

28. Together, Moshe, Goldman, and Odes raised over $47 million from at least 87 investors.

29. Defendants solicited investors through in-person meetings, phone calls, and informal written communications such as email and text messages.

30. Most investors were members of the Orthodox Jewish community, but Moshe placed no restriction on who could invest. Investors in the scheme came from New York, New Jersey, Illinois, Ohio, Arizona, Florida, and Connecticut.

c. Defendants' Representations to Investors

31. In making their investment decisions, investors relied largely on representations conveyed to them by Moshe, Goldman, or Odes through oral or informal written communications.

32. Each of the Defendants told investors that Capital Funding was in the business of making short-term loans to businesses and that their investments would be exclusively used to fund those loans.

33. Each Defendant promised investors a fixed rate of return plus return of their principal.

34. Moshe told investors their returns would be generated by his short-term lending business.

35. Most investors made one-year investments. For these investments, each of the Defendants promised that Capital Funding would return the principal at the end of the investment period and make monthly or quarterly payments of their fixed rate of return.

36. Some investors made two- or three-month investments. For these investments, each Defendant represented that Capital Funding would make a single lump-sum payment of all principal and return at the end of the investment period.

37. The promised rate of return varied by investors. Those who made shorter two- or three-month investments were promised returns between 9% and 10% at the end of their two- or three-month investment period. Those who made year-long investments were promised substantially higher returns between 22% and 53% annually.

38. Each of the Defendants told investors that Moshe would select borrowers, administer the loans, and manage Capital Funding's operations. Investors had no role in selecting borrowers, structuring loans, or managing the business.

39. When one investor asked Moshe for a list of borrowers, Moshe said the information was confidential.

40. Each Defendant told investors that their funds would be pooled and deployed as a single pool of capital into Capital Funding's short-term lending business.

41. Moshe told investors that "all the money went into one pot," which was then divided amongst numerous investments, and that he "aggregated" the money he received from investors and then used the pooled funds to make loans.

42. Goldman told certain investors that their money would fund part of a larger loan to which other investors would also contribute—for example, a multimillion-dollar loan Capital Funding was purportedly making to an oil company.

43. Each of the Defendants told investors that the profit they received from their investments would be proportional to the amount they invested. Some investors were led to believe that Capital Funding offered the same rate of return to

all investors. Others were led to believe that Capital Funding offered higher rates of return for larger investments.

44. Each Defendant also told at least certain investors that their investments were secured by collateral—either valuable sports cards, liens on real estate owned by Moshe, or Moshe's ownership stake in 120 Whitesville.

45. Each of the Defendants also told numerous investors that their investment principal was guaranteed—by Capital Funding, Moshe, and/or Goldman.

46. As described below, the guarantees were worthless and, for most investors, the purported collateral was either non-existent or was disposed of without the investors' knowledge.

47. Each Defendant offered investors lower rates of return in exchange for the purported security of collateral or a guarantee. For example, Odes offered Investor 1 a 10% return on an un-collateralized investment and a lower return on the same investment accompanied by collateral. Similarly, Goldman offered Investor 2 a 30% return on a guaranteed investment and a higher return on the same investment without a guarantee.

48. Each of the Defendants typically instructed investors to send their investments directly to Capital Funding. In May 2023, Moshe and/or Odes instructed two investors to send investments to Iruka Funding, while telling them

they were still investing in Moshe's short-term lending enterprise. Moshe wired most of these funds to the Capital Funding Bank Account.

d. Investment Documentation

49. Moshe used three types of documents to memorialize transactions: investor agreements, a promissory note, and Heter Iska agreements.

50. Some investors received only one type of document; others received two. Some received no formal documentation at all.

51. Regardless of what documentation they received—or did not receive—all investors understood, based on Defendants' repeated oral and written representations, that they were investing money into Moshe's short-term lending business.

i. <u>Investor Agreements</u>

52. At least 13 investors received investor agreements, each of which was signed by Moshe on behalf of Capital Funding or Iruka Funding.

53. These agreements represented that Capital Funding was "in the business of short-term financing to individuals and businesses" and that Capital Funding "shall use the Investment to provide short-term financing to the merchants and for no other purpose."

54. The agreements identified the dollar value of each investment and the profits each investor would receive, but said nothing about the specific loan or loans the investor's money would fund.

55. The investor agreements defined the parties as "investor" and "company," and assigned no responsibilities to the investor beyond providing capital. They stated that "Investor has no prior experience in financing and is relying upon Company's representations and expertise with respect to its business operations" and that Moshe, as managing member of Capital Funding, "has expertise in the business of short-term financing to individuals and small businesses."

56. A small number of investor agreements were structured differently. They provided that the investor was "investing" money with Goldman, that Goldman would "lend" the money to Capital Funding, and that Capital Funding guaranteed returns to the investor.

57. Goldman repeatedly told these investors that, regardless of that language, they were investing money directly into Capital Funding—not loaning money to Goldman. These investors understood that they were investing in Capital Funding and sent their money directly to Capital Funding.

58. On one occasion, Moshe solicited an investment in the name of Iruka Funding, another company he owned and controlled. Moshe told Investor 3 that

Moshe was in the business of short-term lending and that multiple other investors had made similar investments into Moshe's short-term lending business. The investor agreement Moshe sent Investor 3 changed the name of Moshe's short-term lending enterprise from Capital Funding to Iruka Funding but otherwise contained the same terms as the Capital Funding investor agreements. Based on these representations, Investor 3 understood that he was investing in Moshe's short-term lending business and sent his investment directly to Iruka Funding.

ii. <u>Promissory Note</u>

59. At least one investor, Investor 4, received a promissory note in connection with its investment. The note was signed by 120 Whitesville, a separate entity owned and controlled by Moshe.

60. The note stated that: (1) Investor 4 was lending $2 million to 120 Whitesville, (2) 120 Whitesville would return the principal plus 53% interest one year later, (3) Moshe personally guaranteed the payments, and (4) Moshe pledged his ownership interest in 120 Whitesville as collateral.

61. But the formal documentation did not reflect what Moshe actually told Investor 4.

62. Moshe told Investor 4's representatives that he owned a business called Capital Funding that made short-term loans to businesses, proposed that

Investor 4 invest money into Capital Funding, and promised that Capital Funding would use the money exclusively to fund its lending business.

63. To further induce the investment, Moshe told Investor 4 that Capital Funding had many other similarly situated investors. He sent Investor 4 a list of more than 30 investors who, he represented, had invested more than $23 million in Capital Funding's lending business.

64. Based on Moshe's representations, Investor 4's owner: (1) viewed the transaction as an investment in Capital Funding, not a loan to 120 Whitesville; (2) understood that Capital Funding would use the money exclusively to fund its lending business; and (3) expected to receive returns from Capital Funding.

65. Consistent with that understanding, Investor 4 sent its money directly to the Capital Funding Bank Account, and any returns it received came directly from Capital Funding.

iii. Heter Iska Agreements

66. At least 13 investors received Heter Iska agreements.

67. A Heter Iska is rooted in Jewish law. It restructures a transaction that would otherwise constitute an impermissible interest-bearing loan under Jewish law into a permissible business partnership in which profits are shared. It typically refers to the parties as an "investor" and a "manager"—rather than lender and

borrower—and memorializes the investment amount and the fixed rate of return the investor will receive as their share of the profits.

68. Many investors received a Heter Iska agreement alongside an investor agreement or a promissory note. For some investors, the Heter Iska agreement was the only formal documentation they received.

69. Most Heter Iska agreements were signed by Moshe, though, in at least one instance, Goldman signed a Heter Iska agreement.

70. Investors who received Heter Iska agreements understood that they were investing money into Capital Funding's short-term lending business, based on Defendants' repeated oral and written representations.

71. For example, Investor 5—who received only a Heter Iska agreement—understood the money he sent to Capital Funding to be an investment because Goldman repeatedly referred to Investor 5 as an "investor," called Investor 5's money an "investment," and described the transaction as an "investment" opportunity.

72. Investors who received a Heter Iska agreement did not view the transaction as a loan. For example, Investor 6 received a Heter Iska agreement but understood the funds he sent to Capital Funding to be an investment—based on his investor agreement repeatedly defining him as an "investor" and his money as an

"investment," and on Odes repeatedly telling him, in calls and written messages, that he was an investor making an investment into Capital Funding.

73. Investor 6 understood the Heter Iska agreement to be a precaution Moshe took to avoid any risk that a religious authority might later characterize the transaction as an impermissible loan under Jewish law.

e. Each Investment in Moshe's Scheme Was a Security.

74. Each investment in Moshe's scheme—whether documented by an investor agreement, a promissory note, a Heter Iska agreement, or oral representations alone—was a security.

75. Each investment in Capital Funding was an investment contract. Investors contributed money to a common enterprise—Capital Funding's short-term lending business—with the expectation of profits derived solely from Moshe's entrepreneurial and managerial efforts.

76. Investors had no role in managing Capital Funding's business, selecting borrowers, or structuring loans. All investor funds were pooled in the Capital Funding Bank Account without segregation. All investors shared the same underlying risk: the success or failure of Capital Funding's lending enterprise.

77. Defendants consistently described the opportunity as an investment in a thriving lending business, not as a loan to Capital Funding. The investor agreements defined the parties as "investor" and "company." The Heter Iska

agreements defined the parties as "investing partner" and "manager." And Moshe's stated purpose was to raise capital to fund Capital Funding's lending business—not to address a cash-flow problem or meet a short-term commercial need.

78. Similarly, each of the two investments in Iruka Funding was an investment contract. Investors contributed money to a common enterprise with the expectation of profits derived solely from Moshe's entrepreneurial and managerial efforts. Moshe subsequently wired most of these funds to the Capital Funding Bank Account, where they were not segregated or distinguished in any way.

79. The investor agreements and the promissory note are also securities in the form of notes.

80. Each is a written instrument containing an unconditional promise by Capital Funding, Iruka Funding, or 120 Whitesville to pay a fixed sum to a specific investor on a definite date. Investors' primary motivation was to earn the substantial returns Moshe promised—between 9% and 53%—not to address any commercial or consumer need. The instruments were offered broadly and without restriction, and the instruments contained no provisions limiting their transfer or resale.

81. No alternative regulatory scheme protects the interests of Moshe's investors.

II. MOSHE MISAPPROPRIATED INVESTOR FUNDS FOR PERSONAL USE AND TO MAKE PONZI-LIKE PAYMENTS TO EARLIER INVESTORS.

82. Moshe's representation that investor funds would be used exclusively to finance Capital Funding's short-term lending was false. Rather than deploying investor money as promised, Moshe stole it for his own benefit and used it to pay earlier investors in a Ponzi-like manner.

83. Capital Funding's actual short-term lending activity was, at most, a small fraction of the total amount of funds Moshe raised from investors. The fixed returns Moshe promised were not generated by any legitimate business enterprise.

84. Moshe stole more than $11 million of investor funds for his personal use, including transfers to his personal bank accounts, transfers to a personal account at a cryptocurrency exchange, payments on credit cards held in his or his wife's name, gambling expenses, home renovations, and mortgage and car payments.

85. For example, on February 5, 2021, Capital Funding received a $480,000 investment from Investor 7. The Capital Funding Bank Account held only approximately $35,000 before that deposit. Three days later, Moshe transferred $88,000 to his personal cryptocurrency account. No other funds entered the Capital Funding Bank Account between Investor 7's deposit and that

transfer. The majority of the $88,000 therefore came directly from Investor 7's investment.

86. Because Capital Funding never generated the returns Moshe promised, Moshe used money raised from later investors to pay earlier ones—a hallmark of a Ponzi scheme. He did this to conceal his fraud and keep the scheme alive. In total, Moshe made more than $850,000 in such payments.

87. For example, on January 18 and 19, 2023, Capital Funding received $350,000 from Investors 8 and 9. On those same days, Capital Funding paid out $262,223 to three other investors. Without the $350,000 just received from Investors 8 and 9, the Capital Funding Bank Account held only approximately $155,755—far less than the amount paid out. More than $106,000 of those payments came directly from Investor 8 and Investor 9's money.

88. Similarly, on February 10, 2023, Capital Funding received a $2 million investment from Investor 4. Over the next three days, Capital Funding paid out $820,938 to five other investors. Without Investor 4's $2 million, the Capital Funding Bank Account held only approximately $349,000 during that period—less than half the amount paid out. More than $471,938 of those payments came directly from Investor 4's $2 million investment.

89. Moshe never told investors that their money would be used for his personal expenses or to pay earlier investors. To the contrary, he told them that their money would be used exclusively to fund short-term business loans.

90. Moshe never told investors that their investment returns would be generated by investments made by later-in-time investors. To the contrary, he told them that their returns would be generated by the short-term lending business.

91. Moshe knew or was reckless in not knowing that his representations about the use of investor funds and the source of investor returns were false. He personally controlled the Capital Funding Bank Account and directed every transfer.

92. Moshe's misrepresentations, omissions, and deceptive acts concerning the use of investor funds and the source of investor returns were material. When making their decisions to invest money into Capital Funding, it was important to investors to know how their money would be used and how their returns would be generated.

93. It would have been important to a reasonable investor to know that Moshe, in fact, intended to use their investment to pay his gambling debts, his mortgage, his credit card bills, or to pay off earlier investors.

a. **Moshe Created and Sent Falsified Business Documents.**

94. To induce Investor 4 to invest, Moshe lied about Capital Funding's business relationship with a legitimate cash advance business in New Jersey (the "Cash Advance Company").

95. Moshe told Investor 4 that Capital Funding had partnered with the Cash Advance Company to issue tens of millions of dollars in cash advances to merchants. In reality, Capital Funding sent less than $230,000 to and received less than $730,000 from the Cash Advance Company throughout the Relevant Period.

96. To conceal the truth, Moshe took several steps.

97. First, on March 1, 2023, Moshe incorporated Iruka Funding—an entity whose name he chose to resemble the Cash Advance Company's name.

98. Second, on March 3, 2023, Moshe opened a bank account for Iruka Funding, for which he was the sole signatory. When opening that account, Moshe falsely told the bank that Iruka Funding shared the Cash Advance Company's legal address.

99. Third, Moshe forged an Iruka Funding bank statement for February 2023, fabricating monthly deposits of $26.1 million and withdrawals of $26.7 million. Those figures were invented. The forged statement also falsely listed the Cash Advance Company's address as Iruka Funding's own address.

100. Fourth, Moshe sent the forged bank statement to Investor 4 in March 2023.

101. Fifth, Moshe forged a letter purportedly signed by the President of the Cash Advance Company, dated March 1, 2023, falsely stating that Capital Funding had $21.5 million invested in cash advance deals with the Cash Advance Company.

102. Sixth, Moshe sent the forged letter to Investor 4 in March 2023.

103. Based on Moshe's representations, Investor 4 invested more than $3.5 million in Capital Funding between November 2022 and April 2023.

104. Moshe's lies about Capital Funding's relationship with the Cash Advance Company were important to Investor 4's investment decision.

105. Moshe knew or was reckless in not knowing that his representations about Capital Funding's relationship with the Cash Advance Company were false. He personally controlled the Capital Funding Bank Account, had exclusive control over every aspect of Capital Funding's business, and created and sent the forged documents himself.

b. Moshe Made Materially False and Misleading Statements Regarding Investment Collateral.

106. Moshe lied to certain investors about the collateral that purportedly secured their investments.

107. For example, Moshe and/or Odes told Investor 10 that his $475,000 investment was secured by valuable sports cards.

108. Moshe memorialized this promise in an investor agreement he signed on behalf of Capital Funding, and which stated that "[t]he Principal is backed by card collateral being kept at Itche [Isaac] Odes house."

109. Similarly, Goldman told Investor 2 and Investor 11 that their investments were secured by liens Investor 2 and Investor 11 would hold on real estate owned by Moshe.

110. Goldman put this promise in writing, telling Investor 11 in a written message: "YOU WILL BE GETTING A LEIN [sic] OF WORTH $100k ON THIS PROPERTY"—referring to property Goldman represented was owned by Moshe—in connection with Investor 11's $100,000 investment.

111. When Moshe's scheme collapsed, none of these investors received the collateral they had been promised.

112. Odes told Investor 10 that Moshe had given the sports cards to another investor.

113. Goldman told Investor 2 and Investor 11 that Moshe had sold the property on which they purportedly held liens and that Moshe would not give them any of the sale proceeds.

114. The collateral Moshe promised Investor 10, Investor 2, and Investor 11 either never existed or, if it existed, Moshe disposed of it without telling them.

115. It would have been important to a reasonable investor to know that the collateral they were being promised did not exist, had been promised to someone else, or had been disposed of

116. Moshe knew or was reckless in not knowing that his representations about the collateral promised to Investor 10, Investor 2, and Investor 11 were false and misleading. He personally promised each of them specific collateral. To the extent the collateral never existed, he made those promises knowing, or being reckless in not knowing, they were false. To the extent the collateral existed but was later transferred or sold, he was the one who transferred or sold it—without telling those investors whose security depended on it.

c. Moshe's Fraudulent Scheme Collapsed.

117. Through approximately May 2023, investors generally received the returns due to them. However, Capital Funding's lending activity generated, at most, a small fraction of the returns investors received. Instead, payments to investors were funded by other sources, including money Moshe took from later investors. Virtually all net inflows into the Capital Funding Bank Account during the Relevant Period were from investors. Capital Funding had no other significant

sources of net income that could have been used to give investors interest or a return of their principal.

118. In June 2023, most investors stopped receiving returns they had been promised. Only one investor received returns after June 2023, and no returns were paid after August 2023.

119. The scheme's collapse was inevitable given that Capital Funding had no legitimate business operations capable of generating the returns Moshe had promised.

120. When the scheme collapsed, investors lost more than $25 million.

121. Investors who had been promised that their investment principal was guaranteed—by Capital Funding, Moshe, and/or Goldman—discovered those guarantees were worthless.

122. One investor did receive collateral, but it was worth far less than the investment it was supposed to secure. In July 2023, consistent with the terms of Investor 4's promissory note, Moshe transferred ownership of 120 Whitesville to Investor 4. That transfer made Investor 4 the owner of a house in Jackson, New Jersey. That property, however, was valued significantly below Investor 4's corresponding $2 million investment.

III. ODES AND GOLDMAN ACTED AS UNREGISTERED BROKERS.

123. In soliciting investors for Moshe's scheme, Odes and Goldman each acted as unregistered brokers between approximately August 2021 through June 2023 (the "Unregistered Broker Period").

124. Odes and Goldman solicited investors for Capital Funding, explained the investment terms to those investors, vouched for the merits of the investment opportunity, facilitated the collection of investor funds, and received transaction-based compensation from Moshe—without ever registering as a broker-dealer with the Commission or associating with a registered broker-dealer.

125. Odes and Goldman presented the investment opportunity to investors through phone calls, in-person meetings, and written communications including emails and text messages.

126. Together, Odes and Goldman solicited at least 25 investors who invested more than $23 million in Capital Funding.

a. Odes Acted as an Unregistered Broker.

127. During the Unregistered Broker Period, Odes solicited at least 10 investors who invested more than $16 million into Capital Funding.

128. The following paragraphs are illustrative of how Odes solicited investors.

i. <u>Odes and Investor 1</u>

129. In January 2022, Odes approached Investor 1 and solicited an investment in Capital Funding.

130. Odes told Investor 1 by text message that investing in Capital Funding was "a no braine[r]" and that Capital Funding's payment of promised returns to investors "never dragged" but rather always occurred on time.

131. When Investor 1 indicated that the offered rate of return was too low, Odes replied: "what % u need. Will ask my guy."

132. Odes then offered Investor 1 a higher rate of return, told Investor 1 that he was "gonna write up [the investment] contract," and said he would include the various terms Investor 1 had requested.

133. Odes then sent Investor 1 a draft investment agreement reflecting those terms.

134. Odes instructed Investor 1 to wire his investment to Capital Funding and provided wire instructions.

135. Based on the representations conveyed by Odes, Investor 1 invested $700,000 in Capital Funding between January and April 2022.

ii. <u>Odes and Investor 6</u>

136. Investor 6 never spoke to or met Moshe. His entire relationship with Capital Funding was through Odes.

137. Odes approached Investor 6 and presented the investment opportunity to him.

138. Odes described the investment terms, told Investor 6 he would make significant profits, and sent him an investor agreement.

139. Odes gave Investor 6 wire instructions and told him to send his investment to Capital Funding.

140. Odes was the sole intermediary between Investor 6 and Moshe throughout the investment process.

141. Based on the representations conveyed by Odes, Investor 6 invested $100,000 in Capital Funding in March 2023.

iii. <u>Odes and Investor 7</u>

142. Odes approached Investor 7 and suggested that he invest in Capital Funding.

143. Odes told Investor 7 that the investment was "legitimate."

144. Odes told Investor 7 that Capital Funding was in the business of making short-term loans to businesses and that his money would be used to fund those loans

145. Odes promised Investor 7 returns of between 15% and 20%.

146. Based on the representations conveyed by Odes, Investor 7 invested more than $14 million in Capital Funding during the Unregistered Broker Period.

iv. Odes Received Transaction-Based Compensation.

147. Moshe paid Odes a commission on every investment Odes generated.

148. The amount of the commissions paid to Odes ranged between 5% and 25% per investment.

149. During the Unregistered Broker Period, Odes received more than $1.7 million from Capital Funding, including at least a substantial amount in compensation for soliciting investors.

b. Goldman Acted as an Unregistered Broker.

150. During the Unregistered Broker Period, Goldman solicited at least 15 investors who invested more than $7 million in Capital Funding.

151. Goldman signed investor agreements for at least six investors.

152. The investor agreements for two of them, Investor 2 and Investor 12, stated expressly that "Goldman seeks to bring funds from investors to [Capital Funding]."

153. When another investor, Investor 13, wired her investment to Capital Funding, she identified Goldman by name in the wire memo field, reflecting that Goldman was the person through whom she had made her investment.

154. The following paragraphs are illustrative of how Goldman solicited investors.

i. Goldman and Investor 12

155. Investor 12 never spoke to or met Moshe. Goldman was his sole point of contact with Capital Funding.

156. Goldman approached Investor 12 in approximately December 2020 and suggested that he invest in Capital Funding.

157. Goldman presented the investment terms, told Investor 12 that investing in Capital Funding was a "good investment," and promised that he would make significant profits.

158. Goldman provided Investor 12 with wire instructions and sent him an investor agreement for each investment he made.

159. Each of Investor 12's investor agreements named Goldman as a party.

160. Investor 12's September 2022 investor agreement stated that Investor 12 was "invest[ing] the principal sum of $500,000 with Goldman" and that "[i]mmediately upon receipt of the Investment, Goldman shall lend the Investment funds to the Company."

161. Despite that language, Goldman repeatedly told Investor 12 that he was investing money directly into Capital Funding—not making a loan to Goldman.

162. Investor 12 understood and acted on that representation—he sent all of his investments directly to Capital Funding.

163. Based on representations conveyed by Goldman, Investor 12 invested $1 million in Capital Funding during the Unregistered Broker Period.

ii. <u>Goldman and Investor 11</u>

164. Goldman approached Investor 11, suggested that he invest in Capital Funding, presented the investment terms, and promised significant returns.

165. Goldman also served as a direct channel between Investor 11 and Moshe. On November 27, 2022, Goldman forwarded Investor 11 an email from Moshe in which Moshe agreed to a $150,000 investment from Investor 11 on specified terms. Goldman presented Moshe's offer to Investor 11 with the message: "You asked he came back. Either way let me know."

166. Goldman also worked to convince Investor 11 on the merits of investing in Capital Funding. On November 22, 2022, Goldman sent Investor 11 a voice note that Goldman received from a satisfied Capital Funding investor. In the voice note, the investor said that another investor "ranted and raved" about Goldman and that the speaker was very "nispoel" (Yiddish for "impressed") with Goldman. Goldman told Investor 11 that he had "just gave this guy back [a] 2 month deal [of] 550k."

167. Goldman used this testimonial to encourage Investor 11 to make an additional investment in Capital Funding.

168. Based on Goldman's solicitation, Investor 11 invested more than $200,000 in Capital Funding during the Unregistered Broker Period.

iii. <u>Goldman Received Transaction-Based Compensation.</u>

169. Moshe paid Goldman transaction-based commissions for each investment Goldman generated.

170. On September 16, 2020, in a WhatsApp message to Odes, Moshe said: "Put your mind to raising real money. [Goldman] makes nice money off me. Rather give it all to you." Moshe made this statement while trying to persuade Odes to begin soliciting investors for Capital Funding.

171. On September 12, 2022, in an email exchange with Moshe about upcoming Capital Funding investments from investors Goldman had solicited, Goldman asked: "I'm getting the extra 2% = $20k correct?" Moshe replied: "You are getting the extra 2pct yes. You will get back $460,000."

172. Goldman also attempted to recruit at least one Capital Funding investor to solicit additional investors on a commission basis. In so doing, Goldman explained how the Capital Funding commission structure worked as follows:

> Goldman: If you want, we can tell people maybe 25% and I'll give you 10[%]. So it'll be 35[%] total if you want. But don't give more than 25% unless you go into your 10%. . . .

> Investor 5: So what you're saying is I could offer people 25% return annually, and you'll give me 10%, right?
>
> Goldman: Yeah. I raised like this, people – one guy brought me $4 million, another guy $6 million. . . . So again somebody tells you no he wants 30[%], if you don't care 5%, that's up to you. Or somebody tells you – you can get somebody for 21[%], 22[%], 23[%], then you make more. It's up to you. Again, I have quite a number of people that I do this with.

173. During the Unregistered Broker Period, Goldman received more than $7 million from Capital Funding, including at least a substantial amount in compensation for soliciting investors.

TOLLING AGREEMENTS

174. Moshe entered into a tolling agreement with the Commission, in which he agreed to toll any statute of limitations applicable to the conduct and claims alleged herein for the period between September 16, 2025 and December 15, 2025.

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

175. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 122, and 174.

176. Moshe, 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

has employed one or more devices, schemes or artifices to defraud, (2) knowingly, recklessly, or negligently has 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 has engaged in one or more transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

177. By reason of the foregoing, Moshe, 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
(Moshe)

178. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 122, and 174.

179. Moshe, 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 has (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.

180. By reason of the foregoing, Moshe, 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].

THIRD CLAIM FOR RELIEF
Violations of Exchange Act Section 15(a)
(Goldman and Odes)

181. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 81 and 123 through 173 .

182. Goldman, as a natural person not associated with a broker or dealer which is a person other than a natural person, made use of the mails or any means or instrumentality of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, any security without being registered with the Commission as a broker-dealer.

183. Odes, as a natural person not associated with a broker or dealer which is a person other than a natural person, made use of the mails or any means or instrumentality of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, any security without being registered with the Commission as a broker-dealer.

184. By reason of the foregoing, Goldman and Odes violated, and, unless enjoined, will again violate Exchange Act Section 15(a) [15 U.S.C. § 78o(a)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

I.

Permanently enjoining Moshe and his agents, servants, employees and attorneys and all persons in active concert or participation with any of them from violating, directly or indirectly, Securities Act Section 17(a) [15 U.S.C. § 77q(a)], Exchange Act Section 10(b) [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

II.

Permanently enjoining Odes and Goldman and their agents, servants, employees and attorneys and all persons in active concert or participation with any of them from violating, directly or indirectly, Exchange Act Section 15(a) [15 U.S.C. § 78o(a)];

III.

Ordering Defendants to disgorge all ill-gotten gains they received directly or indirectly, with pre-judgment interest thereon, as a result of the alleged violations, 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)];

IV.

Ordering Defendants to pay civil monetary penalties under 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)];

V.

Permanently enjoining Moshe from participating, directly or indirectly, including, but not limited to, through any entity owned or controlled by Moshe, in the issuance, purchase, offer, or sale of any security; provided, however, that such injunction shall not prevent Moshe from purchasing or selling securities for his own personal accounts, pursuant to Securities Act Section 20(b) [15 U.S.C. § 77t(b)] and Exchange Act Sections 21(d)(1) and 21(d)(5) [15 U.S.C. §§ 78u(d)(1) and 78u(d)(5)];

VI.

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

JURY DEMAND

The Commission demands a trial by jury.

Dated: New York, New York
August 13, 2026

/s/ Travis Hill
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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **-against-** **LEOR MOSHE, JACOB GOLDMAN, and ISAAC ODES** **Defendants.**	**26-cv-10253** **DESIGNATION OF AGENT FOR SERVICE**

Pursuant to Local Rule 101.1(f), because the Securities and Exchange Commission (the "Commission") does not have an office in this district, the United States Attorney for the District of New Jersey is hereby designated as eligible as an alternative to the Commission to receive service of all notices or papers in the captioned action.

Therefore, service upon the United States or its authorized designee, David Dauenheimer, Deputy Chief, Health Care Fraud Unit, United States Attorney's Office for the District of New Jersey, 970 Broad Street, Suite 700, Newark, NY 07102, shall constitute service upon the Commission for purposes of this action.

Respectfully submitted,

/s/ Travis Hill

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