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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

**U.S. SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

-against-

MARAT LIKHTENSTEIN,

Defendant.

COMPLAINT

25 Civ. _____ ()

JURY TRIAL DEMANDED

Plaintiff U.S. Securities and Exchange Commission (“Commission”), for its Complaint against Marat Likhtenstein (“Likhtenstein” or “Defendant”) alleges as follows:

SUMMARY

1. From at least April 2017 through June 2024, Likhtenstein perpetrated a brazen, multimillion-dollar Ponzi-like scheme primarily targeting the Russian-American Jewish community.

2. Likhtenstein, while acting as an investment adviser, solicited, recommended, and sold self-issued investments in the form of promissory notes (“Promissory Notes”) to at least 15 clients (“Clients”) and raised more than \$4.1 million.

3. To falsely make the Promissory Notes investments appear safe, Likhtenstein repeatedly listed his house in Brooklyn, with the purported value of \$1.4 million, as collateral for the promised interest and principal.

4. As Likhtenstein knew—but did not disclose to his Clients—his house was heavily mortgaged and had been used as collateral in Promissory Notes offered and sold to many other Clients, rendering it essentially worthless as collateral.

5. Likhtenstein falsely told Clients, many of whom were elderly, that if they purchased Promissory Notes from him through his “side business,” they would earn extraordinary interest rates through investments in highly lucrative business opportunities and deals.

6. In reality, Likhtenstein did not use Client funds to invest in business opportunities or deals; instead, he misappropriated their funds by making approximately \$940,000 in Ponzi-like payments to other investors and by spending approximately \$3.2 million on his personal expenses.

7. In the summer of 2024, Likhtenstein admitted to at least one Client that he had been running a “pyramid” scheme for over ten years, compared himself to disgraced financier Bernard Madoff, and stated that he would still be running the scheme if someone had not “ratted” him out.

8. To date, none of the Clients has recouped their initial investment or received the returns Likhtenstein promised to them.

VIOLATIONS

9. By virtue of the foregoing conduct and as alleged further herein, Defendant Likhtenstein has 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 Sections 206(1) and (2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

10. Unless Defendant Likhtenstein 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

11. 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)], Exchange Act Section 21(d) [15 U.S.C. § 78u(d)], and Advisers Act Sections 209(d) and 209(e) [15 U.S.C. §§ 80b-9(d) and 80b-9(e)].

12. The Commission seeks a final judgment: (a) permanently enjoining Defendant Likhtenstein from violating the federal securities laws and rules this Complaint alleges he has violated; (b) permanently restraining and enjoining Defendant Likhtenstein from, directly or indirectly, including, but not limited to, through any entity owned or controlled by him, participating in the issuance, purchase, offer, or sale of any security provided, however, that such injunction shall not prevent Defendant Likhtenstein from purchasing or selling securities listed on a national securities exchange for his own personal account; (c) permanently restraining and enjoining Defendant Likhtenstein from, directly or indirectly, acting as or being associated with a broker, dealer, or investment adviser (for purposes of this requested injunction: (i) a person is associated with a broker or dealer if such person is a partner, officer, director, or branch manager of such broker or dealer (or occupies a similar status or performs similar functions), directly or indirectly controls, is controlled by, or is under common control with such broker or dealer, or is an employee of such broker or dealer and (ii) a person is associated with an investment adviser if such person is a partner, officer, or director of such investment adviser (or performs similar functions), or directly or indirectly controls, or is controlled by such investment adviser, including any employee of such investment adviser); (d) ordering Defendant Likhtenstein 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)]; (e) ordering Defendant Likhtenstein to pay civil money penalties pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)], Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)], and Advisers Act Section 209(e) [15 U.S.C. § 80b-9(e)]; and (f) ordering any other and further relief the Court may deem just and proper.

JURISDICTION AND VENUE

13. This Court has jurisdiction over this action pursuant to Securities Act Section 22(a) [15 U.S.C. § 77v(a)], Exchange Act Section 27 [15 U.S.C. § 78aa], and Advisers Act Section 214 [15 U.S.C. § 80b-14].

14. 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.

15. Venue lies in this District under Securities Act Section 22(a) [15 U.S.C. § 77v(a)], Exchange Act Section 27 [15 U.S.C. § 78aa], and Advisers Act Section 214 [15 U.S.C. § 80b-14]. Likhtenstein may be found in, is an inhabitant of, and transacted business in the District, and certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within this District. For example, from at least April 2017 through June 2024 (the “Relevant Period”) Likhtenstein operated a financial planning firm, made false statements to Clients about securities, and acted as an investment adviser in Brooklyn, New York. In addition, multiple Clients were located in Brooklyn.

DEFENDANT

16. **Likhtenstein**, age 65, immigrated to the United States from the former Soviet Union in 1990 and resides in Brooklyn, New York. Likhtenstein is the founder and sole owner of Likhtenstein Financial Planning, Inc. (“Likhtenstein Financial”). During the Relevant Period,

Likhtenstein held FINRA Series 7, 63, and 66 licenses; had the right to use the Certified Financial Planner designation; and was licensed to sell insurance products in at least New York State. During the Relevant Period, Likhtenstein was associated with a broker-dealer and investment advisory firm registered with the Commission (“Broker-Dealer A”). On August 19, 2024, Likhtenstein and his wife filed a joint Chapter 7 bankruptcy petition. *In re Marat and Yelena Likhtenstein*, 24-43447 (Bankr. E.D.N.Y.). On March 12, 2025, Likhtenstein was indicted by a Grand Jury of Kings County in New York on 22 felony counts, including grand larceny, scheme to defraud, and violations of New York’s General Business Law for conduct related to that described herein. *People v. Likhtenstein*, Ind. No. 71331-25 (Sup. Crim. Ct. Kings County). Both matters are currently pending.

RELEVANT ENTITY

17. **Likhtenstein Financial**, founded in 2015, is an S-Corporation, incorporated in New York and has its principal place of business at Likhtenstein’s residence in Brooklyn, New York. It is wholly-owned and controlled by Likhtenstein and was never registered with the Commission in any capacity. Likhtenstein used Likhtenstein Financial’s corporate name and its website to market himself to the public as a financial professional.

FACTS

I. Likhtenstein’s Business

18. In 2015, Likhtenstein founded and began operating Likhtenstein Financial.

19. Likhtenstein used Likhtenstein Financial as a storefront to market his financial planning and investment adviser services to the public.

20. In 2018, Likhtenstein became associated with Broker-Dealer A.

21. From at least 2017 through June 2024, Likhtenstein was also part of a network of financial advisors (the “Network”).

22. During the Relevant Period, the Network's website described its mission as providing "quality financial advice, to build relationships based on trust, and to develop unique solutions to help [clients] reach [their] financial goals."

23. From at least 2020 through 2024, the Network's website included a "Financial Advisor" page that described Likhtenstein as a Financial Planner and listed his biography, qualifications, and services.

24. During the Relevant Period, Likhtenstein knew, or recklessly disregarded, that Broker-Dealer A's rules and policies prohibited him from borrowing money from or issuing Promissory Notes to his clients.

25. Specifically, during the Relevant Period, Likhtenstein received annual compliance training and answered questionnaires related to this training.

26. As part of these annual compliance questionnaires, on multiple occasions Likhtenstein answered "True" to the portion of the annual compliance questionnaires that stated, "I understand that I cannot loan money to or borrow money from a client, co-invest with a client, or issue Promissory Notes to a client except where the client is an immediate family member or a financial institution in the business of providing such services."

27. During the Relevant Period, Likhtenstein operated a website for Likhtenstein Financial, where he stated: "My job is to guide you. Your job is to decide whether you're comfortable moving ahead on the basis of my recommendations."

28. Likhtenstein's website also indicated that Likhtenstein was active in the Jewish community through two Jewish centers, serving on the Board of Trustees for one of them.

II. Likhtenstein's Clients and Potential Clients

29. Likhtenstein presented himself to the Clients and other potential clients as a seasoned financial industry veteran, in part because he was a registered representative associated

with Commission-registered broker-dealers and investment advisers for over 20 years before starting Likhtenstein Financial.

30. Although Likhtenstein's Clients were typically aware of Likhtenstein Financial's existence, they most often viewed Likhtenstein himself as providing them with investment advice and making recommendations concerning securities.

31. Most of Likhtenstein's Clients were, like him, members of the Russian-American Jewish community.

32. Many of Likhtenstein's Clients were elderly and had limited English capabilities.

33. Likhtenstein's Clients also were typically financially unsophisticated, as most of them had little to no prior securities investment experience.

34. Because of their similar backgrounds, as well as Likhtenstein's financial industry experience, Likhtenstein's Clients trusted him to make recommendations concerning investments that were in their best interests.

35. During the Relevant Period, Likhtenstein directed certain of his Clients to establish and invest in various securities accounts and products, such as 529 plans, IRAs, variable life insurance products, and variable annuities.

36. In addition, for some Clients, Likhtenstein provided investment advice related only to the Promissory Notes.

III. Likhtenstein Made Materially False and Misleading Statements in Connection with the Offer, Recommendation, and Sale of Securities to His Clients

37. During the Relevant Period, as part of his fraudulent scheme, Likhtenstein solicited and recommended that certain of his advisory clients, which included individuals receiving advice on other financial products and their family and friends, invest in Promissory Notes that Likhtenstein issued himself.

38. At least 15 Clients followed Likhtenstein's recommendations and invested in

Promissory Notes for a total amount of more than \$4.1 million.

A. Likhtenstein's Promissory Notes

39. During the Relevant Period, once prospective clients decided to move forward with their investments with Likhtenstein, he provided them with a Promissory Note that he personally signed.

40. Likhtenstein typically listed in the Promissory Notes guaranteed interest rates of profitable return between 10 and 20 percent per year.

41. The specific terms of the Promissory Notes, concerning the investment amount, interest to be paid, and the timing of when such interest and principal payments were due, varied dramatically, with terms lasting from one month to one year, and the investment amounts ranging from approximately \$14,300 to \$400,000.

42. Likhtenstein typically told potential Promissory Note purchasers that he, through his “side business,” would use their money to make investments in highly lucrative business opportunities and deals and would pay guaranteed high rates of return.

43. As Likhtenstein knew, or recklessly disregarded, his statements about making investments with Client funds were false, because, as described below, he used Client funds not to make investments for the benefits of Clients, but to make Ponzi-like payments to other clients who previously invested in Promissory Notes and to pay for his personal expenses.

44. When asked by Clients to provide additional information or to describe the general nature of these business opportunities and deals, Likhtenstein refused to do so, instead advising them to focus on the extraordinary returns that Likhtenstein was guaranteeing on their investments because his Promissory Notes would be more profitable than any other type of available investment.

45. Likhtenstein's refusal to provide information concerning the business opportunities and deals contradicted his statements on Likhtenstein Financial's website, where he encouraged his

prospective Clients to ask questions about their potential investments that Likhtenstein recommended.

46. For example, on his website Likhtenstein stated: “You’ll want to ask lots of questions about my recommendations. I encourage you to ask for explanations and details and to challenge me when you think I’ve left something out.”

47. In reality, Likhtenstein discouraged his Clients from challenging Likhtenstein or pressing for details on the purported business opportunities and deals.

48. Likhtenstein further used his financial industry experience and his standing in the Russian-American Jewish community to induce Clients to invest in his Promissory Notes.

49. Likhtenstein further typically represented to Clients who invested in the Promissory Notes that their investments were collateralized by his \$1.4 million house in Brooklyn, New York, which falsely made the investment appear safe to Clients.

50. As Likhtenstein knew, or recklessly disregarded, however, his house was heavily mortgaged, co-owned with his wife, and had been listed as collateral on numerous Promissory Notes, meaning that the home was essentially worthless as collateral.

51. Likhtenstein never disclosed to his Clients that his home was mortgaged and that he had listed it as collateral in other Promissory Notes.

52. Likhtenstein further falsely promised to pay extraordinary returns in the form of guaranteed interest payments and to return the original principal investment capital pursuant to a defined schedule.

53. The Promissory Note instruments typically stated that the raised funds would be used to fund Likhtenstein’s “business needs,” which, coupled with Likhtenstein’s statements, caused his Clients to understand that Likhtenstein would be using their money to make an investment in a business opportunity or deal through Likhtenstein’s “side business.”

54. Likhtenstein also personally guaranteed the terms of the Promissory Notes.

55. To make their investments, Clients submitted a check payable to Likhtenstein, a cash payment, or an online money transmission.

56. In many instances, Likhtenstein initially made payments back to Clients coinciding with the promised interest payments and payment schedule.

57. Through his misrepresentations, Likhtenstein led the Clients to believe that these interest payments were proceeds generated by Likhtenstein's purportedly successful investment strategy.

58. In reality, as Likhtenstein knew, or recklessly disregarded, the promises he made to Promissory Note purchasers regarding the interest payments and return of principal were false because he used new Clients' funds to make Ponzi-like payments to other Promissory Note Clients.

59. By making payments that he purported to be regular interest on his Clients' investments, Likhtenstein convinced at least some Clients to make additional investments in new Promissory Notes with him.

60. In addition, when some Clients' Promissory Note principal was due to be returned to them, Likhtenstein was able to convince some Clients to roll over the principal owed to them into a new Promissory Note, typically with similar promises, terms, and collateral.

61. Likhtenstein's false statements and material omissions were material to the Clients, in part, because the Clients would have found them important in evaluating the potential investments and would not have invested with Likhtenstein if they understood that his house was heavily mortgaged and had been used as collateral on other Promissory Notes, or that his purported interest payments were coming from other Clients' investment funds.

62. Although Likhtenstein did make some payments to Clients that he purported to be interest under the Promissory Notes, Likhtenstein never paid any of the 15 Client the total amount

of interest and principal that he had promised to pay.

B. Likhtenstein made false statements and material omissions in connection with investments by Clients A and B.

63. In early 2021, Client A sought Likhtenstein out as a trusted financial professional, initially looking for assistance with opening a profit-sharing plan for Client A's business's employees.

64. In or about March 2021, Likhtenstein created a profit-sharing plan for Client A.

65. Likhtenstein also provided Client A with investment advice, including about purchasing a specific variable annuity that he recommended to Client A.

66. Likhtenstein further told Client A that he had a "side business" and made investments for his clients with very high rates of return, although he said he needed to raise money to make those investments.

67. In mid-2021, Likhtenstein told Client A that an opportunity had come up to invest a large amount of money in a very lucrative deal through his "side business."

68. When Client A asked for further information about the investment, Likhtenstein refused to provide any details but assured Client A that the investment he was recommending were "the best you've got" in the industry and that nobody else could guarantee the type of return that he was offering, namely, a 20 percent annual rate of return.

69. Likhtenstein further told Client A that Client A could request their funds back from Likhtenstein at any time.

70. Beginning in 2021, Client A invested a total of \$100,000 with Likhtenstein and received Promissory Notes from him that listed Likhtenstein's \$1.4 million house as collateral.

71. Thereafter, Likhtenstein periodically paid Client A purported interest payments, and Client A reinvested in new Promissory Notes.

72. During 2023, Likhtenstein regularly asked Client A to make additional investments in Promissory Notes, which Client A declined, and Likhtenstein asked Client A to refer to him anyone

else they might know looking to invest large sums of money.

73. In or about the fall of 2023, Likhtenstein solicited Client A to invest in what he called a “sick” deal requiring a \$300,000 investment that would return a balloon payment of \$330,000 to Client A in one month’s time.

74. As Likhtenstein knew, or recklessly disregarded, there was no such “sick” deal because he intended to use the funds to make Ponzi-like payments to other Clients and for his personal expenses.

75. Although Client A declined to make this proposed investment, Likhtenstein enlisted the assistance of Client A to communicate the terms of the proposed \$300,000 Promissory Note transaction to a family member: Client B.

76. As a result of Likhtenstein’s false statements to Client A and in Client B’s Promissory Note, Client B invested \$300,000 with Likhtenstein.

77. In or around September 2023, Likhtenstein signed a Promissory Note made in Client B’s name that was collateralized by Likhtenstein’s house and guaranteed a one-month return of \$30,000 on a \$300,000 investment.

78. Likhtenstein did not disclose to Client A or B that, as he knew, or recklessly disregarded, his house was heavily mortgaged and had already been used as collateral for several other outstanding Promissory Notes.

79. In fact, as Likhtenstein knew, or recklessly disregarded, he would be unable to repay Client A’s and Client B’s investment principal because he did not intend to use their funds to make investments, but instead to spend them on his personal expenses and making Ponzi-like payments to other clients.

80. The Promissory Note payable to Client B also stated that the funds would be used for Likhtenstein’s “business needs,” which based on Likhtenstein’s statements to Client A that

Client A communicated to Client B, both Client A and B understood to mean that the money would be invested in a lucrative business opportunity or deal.

81. As Likhtenstein knew, or recklessly disregarded, these statements were false because he intended to use Client B's funds to make Ponzi-like payments to other Clients and for his personal expenses.

82. Likhtenstein's false statements and omissions were material because Clients A and B would have found important in evaluating the purported investment opportunity the facts that Likhtenstein's house was heavily mortgaged and had already been promised as collateral to secure other outstanding Promissory Notes.

83. Likhtenstein's false statements and omissions were also material because, had Clients A and B known the purported interest payments were coming from other Client funds and not proceeds from Likhtenstein's investments, they would not have continued investing with him.

84. In or around June 2024, Likhtenstein called Client A and stated that he had run out of money and could not pay the principal or remaining interest owed to Clients A and B under their respective Promissory Notes.

85. Likhtenstein also admitted to Client A that Likhtenstein had run a "pyramid" scheme for over a decade, although "not nearly on Madoff's level," referring to disgraced financier Bernard Madoff.

86. Likhtenstein further told Client A that, unlike Madoff, he had never sent fake statements to people.

87. Likhtenstein also told Client A that he would still be running his Promissory Note scheme if it had not been for someone who "ratted" him out to Broker-Dealer A.

88. In total, out of the \$100,000 that Client A invested with Likhtenstein in Promissory Notes, Client A received at least \$45,000 in purported interest payments from Likhtenstein.

89. Likhtenstein did not return any of Client A's principal to Client A.

90. Defendant did not pay Client B any of the promised interest and did not return Client B's investment principal.

C. Likhtenstein made false statements and material omissions in connection with investments by Client C.

91. Client C first learned of Likhtenstein when, after his mother passed away in September 2022, he found a Promissory Note for \$600,000 issued to her by Likhtenstein.

92. When Client C reached out to Likhtenstein, Likhtenstein confirmed that Client C's mother had invested \$600,000 in a Promissory Note.

93. Likhtenstein informed Client C that his deceased mother's money was "tied up" and that he did not have sufficient funds available to return the \$600,000 investment principal at that time.

94. Likhtenstein knew, or recklessly disregarded, that the money was not "tied up" because he had in fact already spent those funds.

95. Instead, Likhtenstein offered to split the \$600,000 Promissory Note into three separate notes, one for Client C and one for each of his two sisters.

96. Each of these new Promissory Notes, dated November 2022, had a principal value of \$200,000 and promised a 20-percent annual return, with monthly interest payments and the principal investment to be returned after one year.

97. Likhtenstein initially made the purported monthly interest payment on the Promissory Notes to Client C.

98. In or around September 2023, November 2023, and January 2024, Client C purchased at least three additional Promissory Notes, because Likhtenstein was making regular purported interest payments on his November 2022 Promissory Notes.

99. Likhtenstein listed his house, with purported valued of \$1.4 million, as collateral on

the Promissory Notes he sold to Client C.

100. Likhtenstein did not disclose to Client C that, as he knew, or recklessly disregarded, his house was heavily mortgaged and had already been used as collateral for several other outstanding Promissory Notes.

101. Likhtenstein generally did not provide any additional details to Client C regarding his purported investments, except by telling Client C that he was investing his money in multiple business opportunities or deals on Client C's behalf.

102. As Likhtenstein knew, or recklessly disregarded, these statements were false because he intended to use the funds to make Ponzi-like payments to other Clients and for his personal expenses.

103. Indeed, contrary to Likhtenstein's representations to Client C, before he sold him the Promissory Notes, none of the purported interest payments that Likhtenstein made to Client C were generated by investment returns from business opportunities or deals.

104. Likhtenstein's false statements and omissions were material because Client C would have found important in evaluating the purported investment opportunity the facts that Likhtenstein's house was heavily mortgaged and had already been promised as collateral to secure other outstanding Promissory Notes.

105. Likhtenstein's false statements and omissions were also material because, had Client C known the purported interest payments were coming from other Client funds and not proceeds from Likhtenstein's investments, Client C would not have continued investing with him.

106. In approximately spring 2024, after Likhtenstein repeatedly asked and recommended that Client C purchase additional Promissory Notes, Client C—who already had invested a significant portion of his life savings in the Promissory Notes—asked Likhtenstein to return his invested principal.

107. In or about May 2024, Likhtenstein told Client C that his entire investment was gone.

108. Likhtenstein further admitted that he had used Client C's money to pay another Promissory Note purchaser and that he would not be able to continue making interest payments to Client C or return his principal.

109. In addition to the \$200,000 of his mother's principal investment that Client C inherited, Client C invested \$155,000 of his personal funds in Promissory Notes.

110. Likhtenstein paid Client C approximately \$99,663 in purported interest payments on both Client C's personal and inherited investments.

111. Likhtenstein did not return any of Client C's principal to him.

D. Likhtenstein made false statements and material omissions in connection with investments by Client D.

112. In late 2023, based on Likhtenstein's purported interest payments to Client C, Client C recommended Likhtenstein's services to his father-in-law, Client D.

113. Client D contacted Likhtenstein, seeking to invest a substantial amount of money that he had inherited from his parents, who were Holocaust survivors and had received restitution funds from the government of Germany.

114. Likhtenstein offered Promissory Notes to Client D, explaining that Client D's money would be invested in business opportunities or deals.

115. Likhtenstein told Client D that the Promissory Notes would guarantee a substantial annual interest rate, eventually reaching 35%, and that the principal amount invested would be paid back in a year.

116. As Likhtenstein knew, or recklessly disregarded, these representations were false because he intended to use Client D's funds for his personal expenses and to make Ponzi-like payments to other clients.

117. In or about November 2023, at Likhtenstein's recommendation, Client D invested approximately \$400,000 of his inheritance into a Promissory Note issued by Likhtenstein.

118. Initially, Likhtenstein paid Client D the promised purported monthly interest payments.

119. On at least one occasion, at Likhtenstein's recommendation, Client D elected to reinvest at least one of those payments into a new Promissory Note, rather than receive the purported interest payment as a deposit into his bank account.

120. For example, on April 1, 2024, Client D reinvested \$55,600 in purported interest payments from the earlier Promissory Note into a newly issued Promissory Note for a term of two months.

121. As with other Promissory Notes, Client D's Promissory Note was secured by Likhtenstein's \$1.4 million house in Brooklyn.

122. Likhtenstein did not disclose to Client D that, as he knew, or recklessly disregarded, his house was heavily mortgaged and had already been used as collateral for several other outstanding Promissory Notes.

123. Contrary to Likhtenstein's representations to Client D before he sold him the Promissory Notes, none of the purported interest payments that he made to Client D were generated by investment returns from business opportunities or deals.

124. Likhtenstein's false statements and omissions were material because Client D would have found important in evaluating the purported investment opportunity the facts that Likhtenstein's house was heavily mortgaged and had already been promised as collateral to secure other outstanding Promissory Notes.

125. Likhtenstein's false statements and omissions were also material because, had Client D known the purported interest payments were coming from other Client funds and not proceeds

from Likhtenstein's investments, Client D would not have continued investing with him.

126. In April 2024, shortly after Client D made his last Promissory Note investment with Likhtenstein, Likhtenstein told Client D that he had run out of money and would not be able to pay any of the investment principal back or the remaining interest owed.

127. In total, Client D invested more than \$450,000 in Likhtenstein's Promissory Notes, and Likhtenstein paid approximately \$114,602 in purported interest payments to Client D.

128. Likhtenstein did not return any of Client D's principal to him.

E. Likhtenstein made false statements and material omissions in connection with investments by Client E.

129. While Likhtenstein's and Client E's mothers knew each other from the former Soviet Union, Client E became reacquainted with Likhtenstein when he was looking for a financial adviser to manage Client E's 401(k) retirement account and to help him obtain a life insurance policy.

130. In December 2020, Likhtenstein recommended a variable annuity to Client E and assisted in Client E's purchase of the annuity.

131. In the fall of 2022, Likhtenstein mentioned a lucrative investment opportunity to Client E, referring to a Promissory Note, and asked him if Client E had extra money to invest.

132. When Client E asked Likhtenstein how much money he should invest, Likhtenstein replied: "The more, the better."

133. As Likhtenstein knew, or recklessly disregarded, there was no "lucrative investment opportunity" because he intended to use Client E's funds to make Ponzi-like payments to other Clients and for his personal expenses.

134. On October 15, 2022, Likhtenstein sold Client E a \$60,000 Promissory Note that guaranteed a 20 percent annual interest rate and a return of the principal investment in approximately one year.

135. After Likhtenstein began making purported monthly interest payments to Client E

during 2023 and 2024, Client E rolled over Client E's initial investment and invested another approximately \$90,000 in Likhtenstein's Promissory Notes.

136. Contrary to Likhtenstein's representations to Client E before selling him the Promissory Notes, none of the purported interest payments that Likhtenstein made to Client E were generated from investment returns by business opportunities or deals in which Likhtenstein had invested Client E's money.

137. Instead, Likhtenstein used Client E's funds to make Ponzi-like payments to other Clients and for Likhtenstein's personal expenses.

138. Like other Promissory Notes issued by Likhtenstein, Client E's Promissory Note was secured by Likhtenstein's \$1.4 million house in Brooklyn.

139. Likhtenstein did not disclose to Client E that, as he knew, or recklessly disregarded, his house was heavily mortgaged and had already been used as collateral for several other outstanding Promissory Notes.

140. Likhtenstein's false statements and omissions were material because Client E would have found important in evaluating the purported investment opportunity the facts that Likhtenstein's house was heavily mortgaged and had already been promised as collateral to secure other outstanding Promissory Notes.

141. Likhtenstein's false statements and omissions were also material because, had Client E known the purported interest payments were coming from other Client funds and not proceeds from Likhtenstein's investments, Client E would not have continued investing with him.

142. In April 2024, Likhtenstein informed Client E that he had lost his professional license, that he was going to get fired from his job, and that he did not have any money to pay Client E his investment principal back or any of the remaining interest owed.

143. Between 2022 and 2024, Client E invested a total of approximately \$150,000 in

Promissory Notes and received approximately \$28,000 in purported interest payments from Likhtenstein.

144. Likhtenstein did not return any of Client E's principal to Client E.

IV. Likhtenstein Used Client Funds to Make Ponzi-Like Payments and for His Personal Expenses

145. Throughout the Relevant Period, Likhtenstein regularly misappropriated Client investments by making Ponzi-like payments to other clients and using Client funds for his personal expenses.

146. After Clients sent funds for Promissory Notes to Likhtenstein, they were usually deposited into a bank account on which Likhtenstein and one of his sons were both signatories.

147. Likhtenstein regularly moved money between the account he jointly held with his son and other accounts controlled by Likhtenstein.

148. Although Likhtenstein often told Clients that he would use their funds to invest in business deals, in fact, Likhtenstein used Clients' funds to make Ponzi-like payments to other Clients who had previously purchased Defendant's Promissory Notes.

149. Likhtenstein also used Clients' funds to pay for his personal expenses, such as making payments to Likhtenstein's American Express account, paying small business loans personally guaranteed by Likhtenstein, making car and insurance payments, and withdrawing cash.

150. During the Relevant Period, Clients paid Likhtenstein approximately \$4.1 million to purchase Promissory Notes.

151. Likhtenstein misappropriated a substantial portion of these funds, including by spending approximately \$940,000 to make Ponzi-like purported interest payments to his existing clients and using approximately \$3.2 million to pay for his personal expenses.

152. In multiple instances, absent a new Promissory Note investment from his Clients, Likhtenstein did not have enough money in his bank accounts to both make purported Promissory

Note interest payments to Clients and to pay for his personal expenses.

153. For example, on January 18, 2023, Likhtenstein possessed approximately \$4,439 across his bank accounts.

154. The next day, Likhtenstein received approximately \$60,000 from Client F for the purchase of a Promissory Note.

155. The following day, on January 20, 2023, Likhtenstein paid approximately \$5,000 in a purported interest payment to another Client who had purchased one of Likhtenstein's Promissory Notes.

156. On January 23, 2023, Likhtenstein paid approximately \$14,189 towards an outstanding small business loan personally guaranteed by Likhtenstein.

157. That same day, Likhtenstein paid approximately \$1,500 to his American Express account.

158. Absent Client F's investment on January 19, 2023, Likhtenstein did not have sufficient funds in his bank accounts to make his Ponzi-like payment on January 20, 2023 to another Client or his personal expense payments on January 23, 2023.

159. In another instance, on July 6, 2023, Likhtenstein possessed approximately \$4,938 across his bank accounts.

160. The next day, July 7, 2023, Likhtenstein received approximately \$25,000 from Client G, who understood they were purchasing a Promissory Note.

161. On July 10 and July 11, 2023, Likhtenstein paid approximately \$14,260 to his American Express Account.

162. On July 12, 2023, Likhtenstein paid \$487 to John Hancock for personal life insurance premiums.

163. Absent Client G's investment on July 6, 2023, Likhtenstein did not have sufficient

funds in his bank accounts to pay for these personal payments on July 10, 11, and 12, 2023.

V. Likhtenstein Admitted his Scheme to the Network's CEO

164. In June 2024, when Likhtenstein had run out of money and was unable to keep up with his scheme, he confessed to Network's Chief Executive Officer that he had "borrowed" millions of dollars from his Clients.

165. Likhtenstein admitted that he had entered into personal agreements and notes in exchange for Clients' money and deposited the funds into his personal bank accounts, which he knew was in violation of Broker-Dealer A's rules and policies.

166. On or about June 7, 2024, after the Network notified Broker-Dealer A that Likhtenstein had violated the Broker-Dealer A's rules, policies, and procedures, Likhtenstein was terminated by Broker-Dealer A.

VI. Tolling Agreements

167. On August 20, 2025, Likhtenstein and the Commission entered into a Tolling Agreement and extension suspending the running of any applicable limitations period or other time-related defenses alleged in this Complaint from August 20, 2025 through September 19, 2025.

168. On September 19, 2025, Likhtenstein and the Commission entered into a Tolling Agreement and extension suspending the running of any applicable limitations period or other time-related defenses alleged in this Complaint from September 19, 2025 through September 26, 2025.

169. In total, Likhtenstein and the Commission's agreements suspended for 37 days the running of any applicable limitations period or other time-related defenses alleged in this Complaint.

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

170. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 169.

171. Defendant Likhtenstein, 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.

172. By reason of the foregoing, Defendant Likhtenstein, 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

173. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 169.

174. Defendant Likhtenstein, 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.

175. By reason of the foregoing, Defendant, 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 Advisers Act Sections 206(1) and (2)

176. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 169.

177. At all relevant times, Defendant Likhtenstein was an investment adviser under Advisers Act Section 202(11) [15 U.S.C. § 80b-2(11)].

178. Defendant Likhtenstein, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly has: (i) knowingly or recklessly employed one or more devices, schemes, or artifices to defraud any client or prospective client, and/or (ii) knowingly, recklessly, or negligently engaged in one or more transactions, practices, and courses of business which operated or would operate as a fraud or deceit upon any client or prospective client.

179. By reason of the foregoing, Defendant Likhtenstein directly or indirectly, singly or in concert, has violated and, unless enjoined, will again violate Advisers Act Sections 206(1) and (2) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

PRAYER FOR RELIEF

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

I.

Permanently enjoining Defendant Likhtenstein 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(b) thereunder [17 C.F.R. § 240.10b-5(b)], and Advisers Act Sections 206(1)

and (2) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)];

II.

Permanently restraining and enjoining Defendant Likhtenstein from, directly or indirectly, including, but not limited to, through any entity owned or controlled by him, participating in the issuance, purchase, offer, or sale of any security provided, however, that such injunction shall not prevent Defendant Likhtenstein from purchasing or selling securities listed on a national securities exchange for his own personal account, pursuant to Securities Act Section 20(b) [15 U.S.C. § 77t(b)]; Exchange Act Sections 21(d)(1) and 21(d)(5) of the [15 U.S.C. §§ 78u(d)(1) and 78u(d)(5)]; and Advisers Act Section 209(d) [15 U.S.C. § 80b-9(d)];

III.

Permanently restraining and enjoining Defendant Likhtenstein from, directly or indirectly, acting as or being associated with a broker, dealer, or investment adviser, pursuant to Exchange Act Section 21(d)(5) [15 U.S.C. §78u(d)(5)]. For purposes of this injunction: (a) a person is associated with a broker or dealer if such person is a partner, officer, director, or branch manager of such broker or dealer (or occupies a similar status or performs similar functions), directly or indirectly controls, is controlled by, or is under common control with such broker or dealer, or is an employee of such broker or dealer; and (b) a person is associated with an investment adviser if such person is a partner, officer, or director of such investment adviser (or performs similar functions), or directly or indirectly controls, or is controlled by such investment adviser, including any employee of such investment adviser;

IV.

Ordering Defendant Likhtenstein to disgorge all ill-gotten gains he 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)];

V.

Ordering Defendant Likhtenstein to pay civil monetary penalties under Securities Act Section 20(d) [15 U.S.C. § 77t(d)]; Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and Advisers Act Section 209(e) [15 U.S.C. § 80b-9(e)];

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
September 26, 2025

/s/ Lindsay Moilanen

Mark R. Sylvester

Lindsay S. Moilanen

Hayden M. Brockett*

John C. Lehmann

Natallia Krauchuk

**Pro hac vice application forthcoming*

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