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

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

-against-

**JEREMIAH SILKOWSKI and SQN CAPITAL
MANAGEMENT LLC,**

Defendants.

COMPLAINT

26 Civ. 8162

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Defendants Jeremiah Silkowski (“Silkowski”) and SQN Capital Management LLC (“SQN Capital”) (collectively, “Defendants”), alleges as follows:

SUMMARY

1. This case involves a long-running series of violations of antifraud and other provisions of the Investment Advisers Act of 1940 (“Advisers Act”) by defendants SQN Capital, a registered investment adviser, and Silkowski, its President, Chief Executive Officer (“CEO”) and Chief Compliance Officer (“CCO”).

2. From at least 2019 through 2025 (the “Relevant Period”), Silkowski and SQN Capital repeatedly breached their fiduciary duties to four investment funds they managed—SQN Alternative Investment Fund III L.P. (“Fund III”), Alternative Investment Fund IV L.P. (“Fund IV”), SQN Portfolio Acquisition Company LLC (“PA Fund”) and SQN Special Opportunity Fund, LLC (“SO Fund”), (together, the “Funds”)—by failing to comply with governing fund documents and overstating the Funds’ net asset values.

3. Among other things, Silkowski and SQN Capital failed for years to engage an accounting firm to conduct audits of the Funds’ annual financial statements or even to prepare unaudited annual financial statements that conformed to Generally Accepted Accounting Principles (“GAAP”), as required by the Funds’ governing documents.

4. In addition, the only asset valuations prepared for the Funds during the Relevant Period were prepared by Silkowski alone and not, as he represented to Fund investors, by a third-party valuation consultant, and Silkowski materially overstated those values. Rather than taking reasonable steps to apply fair value principles, as required by the Funds’ governing documents, Silkowski kept the net asset values unchanged for years—regardless of changes in projected cash flows, deteriorating market conditions, the actual performance of the assets, or even whether a given asset was still held. The inflated net asset values defrauded the Funds by allowing redeeming investors to receive a greater share of the Funds’ assets than they were entitled to receive, thereby improperly depleting the Funds’ assets.

5. Silkowski also repeatedly misled the Funds’ investors about the status of SQN Capital’s efforts to liquidate fund assets in accordance with the Funds’ governing documents. He repeatedly claimed, without a reasonable basis, that the liquidation process would soon be completed, without disclosing that market conditions prevented SQN Capital from selling the

Funds' assets at the inflated values he had disseminated, and that SQN Capital lacked the resources to complete the liquidation process. That process has extended well past the liquidation periods prescribed by fund governing documents and has left investors indefinitely in limbo, without access to their funds.

6. Silkowski also made baseless statements to investors that SQN Capital was on the verge of completing asset sales that would facilitate the Funds' liquidation and result in imminent distributions to investors. He knew that his efforts to sell the fund portfolios to prospective buyers had never resulted in any sales contracts, letters of intent, or even term sheets, yet for years he continued to falsely tell investors that such sales were imminent and that the liquidation process would soon be completed. At the same time, Silkowski disseminated the inflated net asset valuations to investors, thereby concealing the decline in the value of their investments.

7. SQN Capital and Silkowski are also recidivists. The Commission has twice before charged SQN Capital, in settled administrative proceedings, with violating Advisers Act Rule 206(4)-2 [17 C.F.R. § 275.206(4)-2], known as the custody rule ("Custody Rule"), and Advisers Act Rule 206(4)-7 [17 C.F.R. § 275.206(4)-7], known as the compliance rule ("Compliance Rule"), first in 2020 and again in 2023. Both actions arose from SQN Capital's failure to deliver audited financial statements to its fund investors. Silkowski was charged in the second proceeding with aiding and abetting and causing those violations.

8. Despite having twice been ordered by the Commission to cease-and-desist from further such violations and to pay significant monetary penalties, SQN Capital has continued to violate the Custody Rule and Compliance Rule, aided and abetted by Silkowski.

VIOLATIONS

9. By virtue of the foregoing conduct and as alleged further herein, SQN Capital has violated Sections 206(1), 206(2) and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-6(1), (2), and (4)] and Rules 206(4)-2 and 206(4)-7 thereunder [17 C.F.R. § 275.206(4)-2 and 7]; and Silkowski has violated Advisers Act Sections 206(1) and 206(2) [15 U.S.C. §§ 80b-6(1) and (2)] and aided and abetted SQN Capital's violations of Advisers Act Section 206(4) and Rules 206(4)-2 and 206(4)-7 thereunder [17 C.F.R. § 275.206(4)-2 and 7].

10. Unless Defendants are restrained and enjoined, Defendants 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 the 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 Defendants from violating the federal securities laws and rules this Complaint alleges they have violated; (b) ordering Silkowski to pay civil money penalties pursuant to Advisers Act Section 209(e) [15 U.S.C. § 80b-9(e)]; (c) appointing a receiver to liquidate the assets of the Funds managed by SQN Capital and to distribute the proceeds to investors; (d) permanently prohibiting Silkowski from acting as or associating with an investment adviser, broker or dealer, except to the extent that the Court-appointed receiver deems it necessary for Silkowski to assist such receiver with the orderly liquidation of the Funds and to otherwise cooperate with such receiver in the discharge of the receiver's Court-ordered responsibilities; and (e) 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 Advisers Act Section 214 [15 U.S.C. § 80b-14] and 28 U.S.C. § 1331.

14. Defendants, directly and indirectly, have made use of the means or instrumentalities of, or the means or instruments of transportation or communication in, 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 Advisers Act Section 214 [15 U.S.C. § 80b-14]. Among other things, Defendants' principal office and principal place of business is located in this District; Defendants conduct business in this District and certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within this District; and Silkowski resides in this District.

DEFENDANTS

16. **SQN Capital** is a Delaware LLC with its principal office and place of business in New York, New York. It has been registered with the Commission as an investment adviser since February 2012. According to SQN Capital's Form ADV filed in April 2025, it has a total of \$75,404,607 in regulatory assets under management, including three domestic pooled investment vehicles that it manages—Fund III, Fund IV and the PA Fund.

17. **Silkowski**, age 51, resides in Dobbs Ferry, New York. Silkowski has been SQN Capital's President, CEO, CCO and majority owner since 2012. Silkowski previously held Series 7, 24 and 63 securities licenses and was previously associated with two registered broker-dealers. Silkowski does not currently hold any securities licenses.

OTHER RELEVANT ENTITY

18. **SQN Managing Member, LLC** is a New York limited liability company with its principal office and place of business in Irvington, New York. Since February 2026, it has been the managing member of (i) PA Fund; (ii) SO Fund; (iii) SQN AIF III GP, LLC, the general partner of Fund III; and (iv) SQN AIF IV, GP, LLC, the general partner of Fund IV. Prior to February 2026, SQN Capital was the managing member of these LLCs.

FACTS

I. BACKGROUND

A. Prior Commission Actions

19. On September 4, 2020, the Commission instituted settled public administrative and cease-and-desist proceedings against SQN Capital. *In re SQN Capital Management LLC*, Advisers Act Rel. No. 5573 (“2020 Order”). In the 2020 Order, the Commission found that SQN Capital willfully violated Advisers Act Section 206(4) and Rules 206(4)-2 and 206(4)-7, the Custody and Compliance Rules, from 2012 through 2019 as a result of its failure to deliver audited annual financial statements to investors in the PA Fund and SO Fund during that time. The 2020 Order imposed a cease-and-desist order, a censure and a civil monetary penalty of \$75,000, which was paid.

20. On September 1, 2023, the Commission again instituted settled public administrative and cease-and-desist proceedings against SQN Capital for willful violations of the Custody and Compliance rules, as well as for willfully aiding and abetting and causing violations of Section 13(a) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 13a-1 and 13a-13 thereunder by Fund III and Fund IV. *In re SQN Capital Management LLC et. al.*, Advisers Act Rel. No. 6393 (“2023 Order”). In the 2023 Order, the Commission found that SQN Capital continued to violate the Custody Rule by failing to deliver audited annual financial

statements to investors in the PA Fund and SO Fund for the years 2020 through 2022 and to investors in Fund III and Fund IV for the years 2019 through 2022, leading the latter two funds to fail to file required periodic reports pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)]. In the 2023 Order, the Commission imposed a cease-and-desist order, a censure and a civil monetary penalty of \$200,000, and required SQN Capital to comply with its undertaking to retain an independent compliance consultant (“ICC”) to review its policies and procedures with respect to Custody Rule compliance. SQN Capital has paid only \$60,000 of the \$200,000 penalty and has failed to comply with the ICC undertakings.

21. In the 2023 Order, the Commission charged Silkowski with willfully aiding and abetting and causing SQN Capital’s violations of the Custody and Compliance rules and the Exchange Act reporting violations by Fund III and Fund IV. As part of the 2023 Order, Silkowski consented to a cease-and-desist order, a censure and a \$100,000 civil monetary penalty, which he paid, and agreed to comply with the undertakings concerning retention of an ICC, which he failed to do.

B. SQN Capital and Silkowski Acted as Investment Advisers and Managed the Funds

22. SQN Capital and Silkowski acted as investment advisers to the Funds throughout the Relevant Period.

23. SQN Capital and Silkowski advised the Funds—SQN Capital’s and Silkowski’s investment advisory clients—concerning the investment of these clients’ assets in the asset-backed financing investments described below, including by choosing which investments the Funds made and on which terms.

24. In return for their investment advice to the Funds, SQN Capital and Silkowski (through SQN Capital) received monetary compensation in the form of management and other fees, as specified in the Funds' partnership agreements and LLC operating agreements.

25. Silkowski was the majority owner and sole principal of SQN Capital during the Relevant Period, and he was solely responsible for the Funds' management and the selection of the investments made by the Funds. Silkowski received compensation for this work through his ownership of and employment by SQN Capital, including a share of the management and other fees it collected.

26. As investment advisers, SQN Capital and Silkowski owed fiduciary duties to their clients—the Funds—including the duty to exercise the utmost good faith with their clients, to provide their clients with full and fair disclosure of all material facts, and to always act in their clients' best interests.

27. During the Relevant Period, SQN Capital was the managing member of the SO Fund and the PA Fund, and the general partners of Fund III and Fund IV were both wholly owned subsidiaries of SQN Capital.

C. The Funds' Investments and Life Cycles and the Impact of the Pandemic

28. The SO Fund conducted a private offering of its securities in 2010 by means of a private placement memorandum ("PPM").

29. Fund III conducted a public offering of its securities in 2012 by means of a prospectus.

30. Fund IV conducted a public offering of its securities in 2014 by means of a prospectus.

31. The PA Fund conducted a private offering of its securities in 2014 by means of a PPM.

32. In 2018, the equity interests of the investors in the SO Fund were converted into promissory notes bearing 6% annual interest. The interest owed on the notes has generally not been paid for at least the last five years, although SQN Capital has repaid certain SO Fund noteholders in full, including noteholders that had filed a notice of default.

33. The respective PPMs and prospectuses for the Funds provide that the life of the funds will be divided into three periods: (1) the offering period, during which money was to be raised from investors and initial investments were to be made; (2) the operating period, during which investing was to continue; and (3) the liquidation period, during which the Funds' assets were to be liquidated and the proceeds distributed to the investors.

34. The Funds' offering memoranda prescribe finite timeframes for the liquidation periods, with limited discretion granted to the general partners or investment manager (SQN Capital) to extend those periods.

35. The Fund III prospectus states that the liquidation period will last four years unless extended, at the discretion of the general partner, for a maximum of two one-year extensions.

36. The Fund IV prospectus states that the liquidation period will last two years, unless extended by the general partner (the length of permissible extensions is not specified).

37. The PA Fund offering memorandum states that the liquidation period will last six years, and that the investment manager (SQN Capital) may extend it for up to two additional years.

38. The SO Fund offering memorandum states that the liquidation period will last five years, and that the investment manager may extend it up to two additional years.

39. By the time the Covid-19 pandemic began in March 2020, each of the Funds'

liquidation periods had commenced in accordance with the relevant offering documents.

40. The majority of the Funds' assets were invested in industrial equipment leases, including through promissory notes, participation agreements, lease pools and other asset portfolios, residual sharing agreements and similar asset-backed financing investments.

41. As a result of the pandemic, the market for the types of assets held by the Funds deteriorated.

42. The Funds' assets have not produced any significant cash flow to the Funds since the beginning of the pandemic. The only steady income from any of the Funds' investments in the past five years has been a monthly payment of approximately \$33,000 flowing from one of Fund IV's investments, all of which is being used to pay fund operating expenses and management fees.

43. The Funds' most significant remaining potentially saleable assets are non-controlling interests in three marine vessels, in which Fund III and Fund IV own a combined 40% interest. Additional remaining Funds assets include (i) a 10% interest held by Fund IV in a Mexican leasing company; (ii) interests owned by Fund IV and the PA Fund related to construction equipment; and (iii) rights held by Fund IV and the PA Fund to future profits from several films made by a British film production company, which have been produced but not distributed.

D. Accounting, Valuation and Disclosure Requirements in SQN Capital's Written Policies and the Funds' Governing Documents

44. SQN Capital's compliance manual provides that SQN Capital will comply with the Custody Rule for pooled investment vehicles like the Funds by providing audited annual financial statements to the fund investors within 120 days of the end of each fiscal year.

45. The partnership agreements for Fund III and Fund IV and the LLC operating

agreement for the SO Fund further require the general partner or managing member to distribute audited financial statements for each fiscal year to the other partners or members (*i.e.* the investors in the Funds), as well as unaudited quarterly reports.

46. The LLC operating agreement for the PA Fund requires that annual financial statements be distributed to its investors but does not specify that the financial statements be audited.

47. The partnership agreements for Fund III and Fund IV further require the general partner to keep complete and accurate financial books and records for the funds and that all financial statements be prepared in accordance with generally accepted accounting principles (“GAAP”).

48. The LLC agreements for the SO Fund and PA Fund also require that (i) the funds keep accurate books and records of their assets, including true and full information regarding the financial condition of the funds; (ii) the funds’ financial statements be prepared in accordance with the funds’ method of accounting; and (iii) the managing member establish valuation principles and apply such principles to the fund’s assets.

49. The prospectuses for Fund III and Fund IV each set forth the “critical accounting policies” to be applied by the general partner, which provide as follows with respect to asset impairments:

The significant assets in our portfolio are periodically reviewed, no less frequently than annually or when indicators of impairment exist, to determine whether events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss will be recognized only if the carrying value of a long-lived asset is not recoverable and exceeds its fair value. . . . Our Investment Manager’s review for impairment includes a consideration of the existence of impairment indicators including third-party appraisals, published values for similar assets, recent transactions for similar assets, adverse changes in market conditions for specific asset types and the occurrence of significant

adverse changes in general industry and market conditions that could affect the fair value of the asset.

50. The Forms 10-K for Fund III and Fund IV for the fiscal year ended December 31, 2018, which were filed with the Commission on March 29, 2019 and April 1, 2019, respectively, stated that the funds' assets would be valued for net asset value purposes using the net present value of projected cash flows "based on fair value assumptions."

51. According to GAAP, the objective of fair value measurement is to estimate "the price that would be received to sell an asset . . . in an orderly transaction between market participants at the measurement date." Accounting Standards Codification, Fair Value Measurement 820 ("ASC 820") 10-35-2 (Fin. Accounting Standards Bd. 2026). GAAP further provides that fair value measurements "shall measure the fair value of an asset or a liability using the assumptions that market participants would use in pricing the asset." ASC 820-10-35-9.

52. The SQN Capital compliance manual provides that it "is the Firm's 'Valuation Policy' to value the assets in any portfolio in accordance with the relevant disclosure documents and the relevant investment management agreements of each client account that it manages."

53. SQN Capital's compliance manual further states that the "Firm utilizes independent third-party valuation experts for the purpose of valuing the assets in the Client portfolios."

II. SINCE 2019, DEFENDANTS HAVE FAILED TO DISTRIBUTE FINANCIAL STATEMENTS TO FUND INVESTORS

54. Contrary to the terms of the Funds' governing documents described above, SQN Capital and Silkowski have failed to distribute any annual financial statements, audited or otherwise, to investors in the Funds since 2019.

55. Contrary to the terms of the Funds' governing documents described above, SQN Capital and Silkowski also have failed since 2019 to prepare for any of the Funds annual or

quarterly financial statements that conformed to GAAP; among other things, the draft balance sheets and income statements that defendants did create for the Funds lacked statements of cash flows and changes in partners' equity, as required by GAAP.

56. Contrary to the terms of the Funds' governing documents described above, SQN Capital and Silkowski did not distribute quarterly financial statements of any kind to any of the Funds' investors after 2019.

III. DEFENDANTS INFLATED THE FUNDS' NET ASSET VALUES AND DISTRIBUTED THE INFLATED VALUATIONS TO INVESTORS

57. Although Defendants did not distribute financial statements for the Funds to the Funds' investors, Silkowski and SQN Capital distributed quarterly account statements to hundreds of individual investors during the Relevant Period that purported to represent the market value of the investor's interest in the subject fund, expressed as a per-unit value (the "Quarterly Account Statements").

58. The Quarterly Account Statements Silkowski and SQN Capital stated that the per-unit values represented "Market Value" and that "[t]he per-unit value listed on this statement was prepared by a private third-party consultant based on the valuation of the assets and liabilities of [the fund]."

59. The above-quoted statements in the Quarterly Account Statements were false for multiple reasons.

60. First, Silkowski alone prepared the per-unit values in the Quarterly Account Statements, and he therefore knew that a third-party consultant did not prepare, or participate in the preparation of, those per-unit values.

61. Silkowski also knew or recklessly disregarded, and did not disclose to investors, that since at least 2019, SQN Capital lacked the financial resources to hire an outside valuation

consultant.

62. Second, the per-unit values set forth in the Quarterly Account Statements did not reflect the “market value” of the subject Fund’s assets or the “market value” of the individual interests in the Funds (i.e. units) owned by the investors. To the contrary, the per-unit values set forth in the Quarterly Account Statements were based on materially inflated net asset values for the Funds that failed to adhere to the valuation principles set forth in the Funds’ partnership and operating agreements, offering memoranda and prospectuses, as described above.

63. The per-unit values set forth in the Quarterly Account Statements were inflated due to Silkowski’s failure to use fair value principles, as described in paragraphs 65-71, in determining the Funds’ net asset values, and repeated errors that he made in determining those values.

64. In addition to the Quarterly Account Statements, the inflated net asset values prepared by Silkowski were also included in investor updates and other written communications with investors in the Funds, including, on one occasion, in a spreadsheet provided to counsel for a group of investors.

65. Since at least 2019, Silkowski and SQN Capital have failed to take reasonable steps to determine the “fair value” of the Funds’ assets, periodically review those assets for indications of impairment, or otherwise comply with GAAP in determining the NAV for the Funds. Rather than using fair value principles, as required by the governing fund documents, Silkowski simply kept the net asset values unchanged regardless of changes in projected cash flows, current market conditions, the performance of the assets, or even whether an asset was still held.

66. For example, the Fund III limited partners’ per-unit value was identical for each

quarter from March 31, 2019, through March 31, 2025, and the Fund IV limited partners' per-unit value was identical for each quarter from March 31, 2020, through March 31, 2025.

67. Since 2019, rather than take steps to determine the fair value of the Funds' assets, Silkowski's purported methodology was simply to "roll forward" the Funds' net asset values from the Funds' 2018 audited financial statements (the last audits that were performed), without making any adjustments for changes in market conditions or other key variables or even considering whether any such adjustments would be appropriate.

68. Silkowski also failed to update his calculations of the Funds' net asset values when some of the Funds' assets were sold, resulting in the continued inclusion in his valuation of assets that were no longer held, or when loan or lease payments were received, which reduced the Funds' available future cash flows from those assets.

69. In at least one instance, Silkowski left blank certain cells in an electronic spreadsheet he used to calculate the Funds' net asset values rather than input necessary zeros, which led the automated program to calculate an inflated result for the present value of the projected cash flows for several of the Funds' assets.

70. In addition, when calculating the Funds' net asset values, Silkowski failed to take into account or even consider the adverse impact of liabilities and non-controlling interests on net asset values.

71. Nor did Silkowski or SQN Capital periodically review the Funds' assets for indications of impairment, despite being aware of strong evidence that the market for many of the Funds' assets had declined significantly during the Relevant Period.

72. In the wake of the pandemic, the market for the types of assets held by the Funds deteriorated. In a September 2022 document titled "Revised Liquidation Plan" ("September 2022

Liquidation Plan”), which Silkowski provided to Commission staff, Silkowski stated: “Each of the funds was invested in equipment leases in the manufacturing, construction, and transportation industry as well as retail, medical, and hospitality. These are all sectors that saw direct limitations on their business activity for an unexpected and prolonged period.” Going on to describe the fate of a purported agreement to sell the Funds’ entire portfolio of assets to a third-party “at the price level consistent with the last independent valuation,” Silkowski stated that the decline in market conditions “directly resulted in uncertainty from the buyer of the portfolios, so it was agreed to put the sale on hold pending the return to normal business activity.” However, Silkowski continued, “[a]s it took businesses much longer to recover than expected, the sale was postponed over a year and SQN [Capital] had difficulty compelling the buyer to conclude the sale as even by the middle of 2022.”

73. The purported sale of the Funds’ portfolio discussed in the September 2022 Liquidation Plan never occurred; nor did SQN Capital ever obtain even a sales contract or term sheet from the purported buyer.

IV. DEFENDANTS REPEATEDLY MISREPRESENTED THE STATUS OF THE FUNDS’ LIQUIDATION PROCESS

74. In addition to inflating the Funds’ net asset values, Silkowski and SQN Capital repeatedly misrepresented to the Funds’ investors during the Relevant Period that the process of liquidating the Funds’ assets would soon be completed and that a distribution to investors of the liquidation proceeds would soon occur.

75. Defendants’ statements to Funds investors regarding the process of liquidating and distributing the Funds’ assets were materially false and misleading because, as Silkowski knew or recklessly disregarded, SQN Capital had not taken necessary steps to liquidate the Funds’ assets and complete the liquidation process for any of the Funds in accordance with the

governing fund documents. Silkowski knew that, whatever attempts he might have made to sell the Funds' remaining portfolio of assets, those efforts did not result in any sales contracts, letters of intent, or even term sheets with prospective buyers. Nevertheless, Silkowski for years continued to tell investors that such asset sales were imminent and that the Funds' liquidation process would soon be completed.

76. Silkowski and SQN Capital have kept the Funds open well past the prescribed liquidation periods set forth in the governing documents, as described above in paragraphs 33-38, without having a concrete liquidation plan or taking other active management measures to liquidate the Funds, leaving the investors in limbo and without access to their money.

77. Although the Funds' governing documents provide for the possibility of limited extensions of the liquidation stage, SQN Capital has not sought or obtained the investors' consent for any extensions.

78. According to the timeframes set forth in the governing documents, as described above in paragraphs 33-38, the liquidation of each of the Funds should have been completed years ago, even assuming that the maximum permissible extensions occurred.

79. For example, the Fund III liquidation period began in June 2015 and was therefore required to be completed by June 2021. In a 2016 year-end update, Silkowski told Fund III investors that SQN Capital was "on track" to complete the liquidation "as originally intended in 2018."

80. In January 2018, Silkowski told Fund III investors that "the majority, if not all, of the portfolio will be wrapped up by the end of the year."

81. Silkowski's promised 2018 liquidation of Fund III did not occur, and in a December 2020 investor update, Silkowski acknowledged that the liquidation was required to

conclude by June 2021, but he did not provide an estimate at that time of when the liquidation would in fact conclude.

82. In subsequent communications with individual Fund III investors, Silkowski provided assurances about the liquidation process and told them that a distribution would soon be made despite lacking any factual basis for such statements. For example, beginning in 2023, Silkowski told one Fund III investor on multiple occasions that the liquidation process was under way and, at one point, told the investor it would be completed before the end of 2024. That did not occur.

83. The Fund IV liquidation period began in July 2017, and in a November 2020 investor update, Silkowski told Fund IV investors that SQN Capital was working to complete the fund's liquidation earlier than the planned completion date of June 2021.

84. Silkowski sent another update to Fund IV investors in May 2021. In that update, Silkowski stated that Fund IV was "significantly closer to a near-term liquidation" and that "a liquidation event is anticipated to occur within a short period after June [2021]." Silkowski further stated in that update that SQN Capital's plan was to "conclude the individual investment restructurings, facilitate the refinancing of certain investments, and then conclude the sale of the balance of the portfolio at the pricing levels previously set." Silkowski further stated that "auditors have allocated resources to begin the final audit of the Fund and issue the final K-1s before the end of 2021."

85. Silkowski's statements in the preceding paragraph above were materially false and misleading. Silkowski did not have a reasonable basis for stating that Fund IV was "significantly closer to a near-term liquidation" in May 2021 or that "a liquidation event is anticipated to occur within a short period after June" 2021.

86. In the September 2022 Liquidation Plan, Silkowski stated that the sale of portfolio assets that was purportedly planned prior to the pandemic “was put on hold as the COVID restrictions were implemented” (which occurred in 2020 and well before May of 2021); that “the sale was postponed [for] over a year”; and that the alleged buyer was unwilling “to conclude the sale . . . even by the middle of 2022.” Silkowski did not disclose these facts to Fund IV investors in his May 2021 update.

87. Nor did Silkowski disclose to Fund IV investors that, contrary to his positive statements about the beginning of the final Fund IV audit, SQN Capital lacked the financial resources to pay auditors to conduct a final audit and issue final K-1 tax statements before the end of 2021.

88. In January 2021, Silkowski wrote the Funds’ prior audit firm to propose a payment plan for a final audit and K-1 tax statements for each of the Funds, which included payment of outstanding past due amounts owed to the audit firm. However, an engagement letter for that work was never signed. In a letter accompanying the September 2022 Liquidation Plan, Silkowski stated that an engagement letter was not signed because the audit firm “requires a substantial deposit to begin the work,” which SQN Capital was, and remains, unable to pay.

89. Silkowski has also made numerous false or misleading statements over the last several years to investors suggesting, without factual basis, that SQN Capital was in active negotiations to complete an asset sale that would facilitate the Funds’ liquidation.

90. For example, on September 15, 2021, Silkowski sent an update to Fund IV investors stating that “we now have multiple parties having made offers for sub-sets of the portfolio which will maximize returns to investors” and that “we remain completely confident in our ability to close out this Fund in the current net asset value range.”

91. On June 23, 2022, Silkowski sent another update to Fund IV investors stating that one asset sale had fallen through, but that “we are already engaged with a new buyer with competitive bids from others to ensure a prompt closing. We therefore believe, with a high degree of confidence that the final liquidation will be completed within the next 90 days.”

92. In sworn investigative testimony before the Commission, Silkowski was unable to identify either the initial buyer or the new buyer or the sources of the offers and competitive bids to which he referred in the September 15, 2021 and June 23, 2022 updates described above.

93. At various times during the Relevant Period, Silkowski also told investors in Fund III and Fund IV that SQN Capital was in the process of selling fund assets to a Qatari investment bank, but his purported discussions with any such bank never resulted in a sales contract or even a term sheet, material facts that Silkowski did not disclose to the investors.

94. Similarly, in the September 2022 Liquidation Plan, Silkowski stated that SQN Capital had engaged an investment firm in “Dubai to introduce SQN [Capital] to institutional investors interested in equipment leasing portfolios,” and that, as a result, “SQN [Capital] has identified [seven named] offshore institutional investors who have committed to buy the balance of the SO [Fund], PA [Fund], Fund III, and Fund IV portfolios in a series of transactions to close before year-end.” Silkowski further stated there that “[e]ach investor is a multi-billion-dollar enterprise that has already conducted due diligence on SQN and the portfolios. The allocation between the parties is currently being negotiated with the first sale anticipated to be in the first week of October.” No such transaction occurred, and neither Silkowski nor SQN Capital produced to the Commission staff any documents identifying any “institutional investor” who had “committed” to buying any of the Funds’ assets or otherwise substantiating those statements in response to document requests seeking “All Documents Concerning the liquidation or sale of

Fund assets” and “all Communications with potential purchasers of Fund assets.”

95. In fact, Silkowski’s purported efforts to sell the Funds’ portfolio of assets during the Relevant Period never progressed beyond seeking to engage potential buyers in preliminary negotiations, and those efforts never resulted in any sales contracts, term sheets or letters of intent being signed. Silkowski nevertheless continued to represent to investors, without any factual basis, that the Funds would soon be liquidated and that a distribution of proceeds to investors would soon be made.

96. On numerous occasions beginning in 2020, one Fund IV investor called SQN Capital about redeeming the investor’s interest and heard the same message each time—that the investment would be liquidated and the proceeds distributed over the next few months.

V. SQN CAPITAL’S CONTINUED CUSTODY RULE FAILURES

97. The Custody Rule requires registered investment advisers who have custody of client funds and securities to put in place a set of procedural safeguards to prevent loss, misuse, or misappropriation of those assets. Under the rule, an adviser has “custody” of client assets if it holds, directly or indirectly, client funds or securities, or if it has the authority to obtain possession of those assets including, among other things, by acting as a managing member of a limited liability company or general partner of a limited partnership. *See* Advisers Act Rule 206(4)-2(d)(2)(iii).

98. The Custody Rule requires, among other things, that at least once a year, client funds or securities in the custody of a registered investment adviser must be verified through a surprise examination by an independent public accountant. 17 C.F.R. § 275. 206(4)-2(a)(4). The adviser must also notify the client in writing of accounts opened by the adviser at a qualified custodian on the client’s behalf and have a reasonable basis, after due inquiry, to believe that the

qualified custodian sends an account statement, at least quarterly, to each of the adviser's clients for which it maintains funds or securities. 17 C.F.R. § 275. 206(4)-2(a)(3). However, for limited partnerships, LLCs and other pooled investment vehicles subject to audit, the adviser is “not required to comply with” the notification and account statement requirements and “shall be deemed to have complied with” the surprise examination requirement if, among other things, the adviser “distributes [the fund's] audited financial statements prepared in accordance with GAAP to all limited partners (or members or other beneficial owners) within 120 days of the end of its fiscal year.” 17 C.F.R. § 275. 206(4)-2(b)(4) (“Audited Financials Alternative”). The audit must be performed by an independent public accountant that is registered with, and subject to regular inspection by, the PCAOB. 17 C.F.R. § 275. 206(4)-2(b)(4)(ii).

99. SQN Capital continued to have custody of the Funds' assets during the period following the Commission's 2023 Order because it was the managing member of the PA Fund and SO Fund and sole owner of the general partners of Fund III and Fund IV until February 2026.

100. After the Commission's 2023 Order, SQN Capital purported to rely on the Audited Financials Alternative to comply with the Custody Rule, but SQN Capital failed to meet the requirements of the Audited Financials Alternative or take steps to otherwise comply with Custody Rule requirements, including the notification, account statement and surprise exam requirements.

101. SQN Capital did not engage an accounting firm to audit any of the Funds' annual financial statements since engaging an audit firm to audit the 2019 financial statements for the SO Fund and PA Fund. As a result, for fiscal years 2020 through 2025, audits were never conducted for the Funds, and audited annual financial statements prepared in accordance with

GAAP were never obtained or distributed to investors in any of the Funds.

102. As SQN Capital’s President and CEO, Silkowski exercised control and authority over all of the firm’s advisory functions and decision-making and, as CCO, was also responsible for ensuring the firm’s compliance with the Custody Rule. As noted above, Silkowski knowingly, or at least recklessly, failed to take necessary steps for SQN Capital to obtain and distribute annual audited financial statements to the Funds’ investors or otherwise comply with the Custody Rule.

VI. SQN CAPITAL’S CONTINUED COMPLIANCE RULE FAILURES

103. The Compliance Rule requires registered investment advisers to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder. Despite the Commission’s 2023 Order, SQN Capital failed to do so following entry of that order.

104. Silkowski was aware of SQN Capital’s ongoing failure to satisfy the requirements of the Custody Rule, but SQN Capital nevertheless failed to make substantive changes to its written policies and procedures or the implementation of those policies and procedures regarding Custody Rule compliance. Notwithstanding the 2023 Order, SQN Capital’s compliance manual has not been updated since January 2021, and no other steps have since been taken to implement the existing policies and procedures.

105. In its Custody Rule section, SQN Capital’s compliance manual merely states that “an investment adviser to pooled investment vehicles can comply with the Custody Rule’s investor reporting provisions if the pooled investment vehicle is audited annually by an independent public accountant that is registered and subject to regular inspection by the [PCAOB],” and that “audited financial statements . . . must be sent to all investors within 120

days after the investment's pool's fiscal year end." SQN Capital's compliance manual also states that SQN Capital "shall ensure that audited financial statements are distributed to [i]nvestors within 120 days of the end of the Fund's fiscal year."

106. However, notwithstanding Defendants' failure for the past fourteen years to obtain audited financial statements for the Funds, SQN Capital's written policies and procedures never addressed alternative means of complying with the Custody Rule in the event audited financial statements for the Funds were not available within the prescribed time period. For example, SQN Capital had no policies and procedures at all regarding surprise examinations, despite the fact that Silkowski knew that SQN Capital was unable to satisfy the Audited Financials Alternative.

107. Nor did SQN Capital implement any new procedures to effectuate the policies it did have regarding Custody Rule compliance. As a result, SQN Capital's policies and procedures remained deficient notwithstanding the facts known to Silkowski regarding the ongoing failures in obtaining fund audits or even engaging an auditor.

108. SQN Capital also failed to implement its written policies and procedures with respect to the valuation of fund assets. The compliance manual states that SQN Capital values fund assets "in accordance with the relevant disclosure documents and the relevant investment management agreements," and that it uses "independent third-party valuation experts" to value fund assets. As described above, SQN Capital failed to do so.

109. Silkowski was aware of and responsible for SQN Capital's failure to implement its written policies and procedures with respect to the valuation of fund assets because, as described above, he prepared the inflated net asset valuations that were not done in accordance with the relevant disclosure documents and agreements, and he knew that SQN Capital did not

use an independent third-party valuation expert.

110. As SQN Capital's President and CEO, Silkowski exercised control and authority over all the firm's advisory functions and decision-making, and as CCO, Silkowski was responsible for ensuring the firm's compliance with the Compliance Rule, but he knowingly or recklessly failed to do so.

FIRST CLAIM FOR RELIEF
Violations of Advisers Act Sections 206(1) and (2)
(Both Defendants)

111. The Commission realleges and incorporates by reference herein the allegations in paragraphs 1-96.

112. At all relevant times, Silkowski and SQN Capital were investment advisers under Advisers Act Section 202(a)(11) [15 U.S.C. § 80b-2(a)(11)].

113. From at least 2019 through 2024, Silkowski and SQN Capital, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly have: (1) knowingly or recklessly employed one or more devices, schemes, or artifices to defraud a client or prospective client, and/or (2) knowingly or recklessly engaged in one or more transactions, practices, and courses of business which operated as a fraud or deceit upon a client or prospective client.

114. By reason of the foregoing, Silkowski and SQN Capital, directly or indirectly, singly or in concert, have 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)].

SECOND CLAIM FOR RELIEF
Violations of Advisers Act Section 206(4) and Rule 206(4)-2
(SQN Capital)

115. The Commission re-alleges and incorporates by reference here the allegations in

paragraphs 1-27, 97-102.

116. At all relevant times, SQN Capital has been an investment adviser registered with the Commission under Section 203 of the Advisers Act [15 U.S.C. § 80b-3].

117. At all relevant times, SQN Capital has had custody of advisory clients' assets as defined in Rule 206(4)-2(d)(2) [17 C.F.R. § 275.206(4)-2(d)(2)].

118. SQN Capital has failed to comply with the notification, account statement, and surprise examination requirements; or, in the alternative, to provide investors in the Funds with annual audited financial statements prepared in accordance with GAAP in compliance with the Audited Financials Alternative.

119. By reason of the foregoing, SQN Capital, directly or indirectly, has violated and, unless enjoined, will again violate Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-2, thereunder [17 C.F.R. § 275.206(4)-2].

THIRD CLAIM FOR RELIEF
Violations of Advisers Act Section 206(4) and Rule 206(4)-7
(SQN Capital)

120. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1-27, 97-110.

121. At all relevant times, SQN Capital has been an investment adviser registered with the Commission under Section 203 of the Advisers Act [15 U.S.C. § 80b-3].

122. SQN Capital has provided investment advice to clients without adopting and implementing written policies and procedures reasonably designed to prevent violation, by it or its supervised persons, of the Advisers Act and the rules thereunder.

123. By reason of the foregoing, SQN Capital has directly or indirectly violated and, unless enjoined, will again violate, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)]

and Rule 206(4)-7, thereunder [17 C.F.R. § 275.206(4)-7].

FOURTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Advisers Act Section 206(4) and Rule 206(4)-2
(Silkowski)

124. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1-27, 97-102.

125. As alleged above, SQN Capital violated Section 206(4) [15 U.S.C. § 80b-6(4)] of the Advisers Act and Rule 206(4)-2, thereunder [17 C.F.R. § 275.206(4)-2].

126. Silkowski knowingly or recklessly provided substantial assistance to SQN Capital in connection with the conduct constituting SQN Capital's violations of Section 206(4) [15 U.S.C. § 80b-6(4)] of the Advisers Act and Rule 206(4)-2, thereunder [17 C.F.R. § 275.206(4)-2].

127. By reason of the foregoing, Silkowski is liable pursuant Advisers Act Section 209(f) [15 U.S.C. § 80b-9(f)] for aiding and abetting SQN Capital's violations of Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-2, thereunder [17 C.F.R. § 275.206(4)-2], and unless enjoined, will again aid and abet such violations.

FIFTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Advisers Act Section 206(4) and Rule 206(4)-7
(Silkowski)

128. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1-27, 97-110.

129. As alleged above, SQN Capital violated Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-7, thereunder [17 C.F.R. § 275.206(4)-7].

130. Silkowski knowingly or recklessly provided substantial assistance to SQN Capital in connection with the conduct constituting SQN Capital's violations of Section 206(4) [15

U.S.C. § 80b-6(4)] of the Advisers Act and Rule 206(4)-7, thereunder [17 C.F.R. § 275.206(4)-7].

131. By reason of the foregoing, Silkowski is liable pursuant Advisers Act Section 209(f) [15 U.S.C. § 80b-9(f)] for aiding and abetting SQN Capital's violations of Advisers Act Section 206(4) [15 U.S.C. § 80b-6(4)] and Rule 206(4)-7, thereunder [17 C.F.R. § 275.206(4)-7], and unless enjoined, will again aid and abet such violations.

PRAYER FOR RELIEF

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

I.

Permanently enjoining Silkowski and SQN Capital from violating, directly or indirectly, Advisers Act Sections 206(1) and 206(2) [15 U.S.C. §§ 80b-6(1) and (2)].

II.

Permanently enjoining SQN Capital from violating, directly or indirectly, Advisers Act Section 206(4) [15 U.S.C. §§ 80b-6(4)] and Rules 206(4)-2 and 206(4)-7 thereunder [17 C.F.R. §§ 275.206(4)-2 and 275.206(4)-7].

III.

Permanently enjoining Silkowski from aiding and abetting any violation of Advisers Act Section 206(4) [15 U.S.C. §§ 80b-6(4)] and Rules 206(4)-2 and 206(4)-7 thereunder [17 C.F.R. §§ 275.206(4)-2 and 275.206(4)-7].

IV.

Appointing a receiver to conduct an orderly liquidation of the Funds' assets and distribute the net proceeds of such liquidation to the Funds' investors.

V.

Permanently enjoining Silkowski from directly or indirectly, acting as or being associated with any broker, dealer, or investment adviser, except to the extent that a Court-appointed receiver deems it necessary for Silkowski to assist such receiver with the orderly liquidation of the Funds and to otherwise cooperate with such receiver in the discharge of the receiver's Court-ordered responsibilities. For purposes of this paragraph: (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.

VI.

Ordering Silkowski to pay civil monetary penalties pursuant to Advisers Act Section 209(e) [15 U.S.C. § 80b-9(e)].

VII.

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 18, 2026

/s/ Laura E. Meehan

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