

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 83817 / August 9, 2018**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4982 / August 9, 2018**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 33199 / August 9, 2018**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18635**

**In the Matter of**

**JINESH P. BRAHMBHATT,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 15(b)(6) OF THE SECURITIES EXCHANGE ACT OF 1934, SECTION 9(b) OF THE INVESTMENT COMPANY ACT OF 1940, AND SECTIONS 203(f) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934 (“Exchange Act”), Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”), and Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Jinesh P. Brahmhatt (“Respondent” or “Brahmbhatt”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents

to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934, Section 9(b) of the Investment Company Act of 1940, and Sections 203(f) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent’s Offer, the Commission finds<sup>1</sup> that:

#### Summary

1. These proceedings arise out of Brahmhatt’s failure to disclose conflicts of interest to his investment advisory clients. From February 2009 through at least February 2013 (the “relevant period”), Brahmhatt, the founder, chief executive officer, and majority owner of Jade Private Wealth Management, LLC (“Jade”), a now defunct investment adviser, recommended that Jade’s advisory clients purchase approximately \$20 million in promissory notes (the “STI Notes”) issued by Success Trade, Inc. (“STI”).<sup>2</sup> In late 2012 and early 2013, Brahmhatt further recommended that Jade clients holding the STI Notes roll over, extend, or convert them into STI equity. During the four-year period in which Brahmhatt advised Jade’s clients to invest in the STI Notes, he omitted to disclose that he and Jade were receiving payments from STI totaling more than \$1.2 million. By April 2013, STI ceased making any payments of principal or interest on the STI Notes, and Jade’s clients who had invested in the notes incurred losses of approximately \$12 million.

#### Facts

##### **A. Respondent**

2. Respondent Jinesh P. Brahmhatt (“Brahmhatt), age 49, resides in Gaithersburg, Maryland. Brahmhatt was Jade’s founder, chief executive officer, and majority owner. At all times, Brahmhatt exercised complete control over Jade. From April 2009 until at least April 2013, Brahmhatt was an associated person of registered broker-dealer Success Trade Securities, Inc. (“STS”), a subsidiary of STI, and the entity that sold the STI Notes. At various times, Brahmhatt held Series 7, 63, and 65 securities licenses. On November 15, 2013, FINRA permanently barred

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<sup>1</sup> The findings herein are made pursuant to the Respondent’s Offer and are not binding on any other person or entity in this or any other proceeding.

<sup>2</sup> STI, its subsidiary Success Trade Securities, Inc. (“STS”), and Fuad Ahmed (“Ahmed”), president and chief executive officer of STI and STS, were the subjects of prior Commission proceedings: In the Matter of Success Trade Securities, Inc., et al., Sec. Act Rel. No. 9891, AP File No. 3-16755 (Aug. 14, 2015) (<https://www.sec.gov/litigation/admin/2015/33-9891.pdf>); Initial Decision Release No. 1005, AP File No. 3-16755 (Apr. 28, 2016) (<https://www.sec.gov/alj/aljdec/2016/id1005jsp.pdf>).

Brahmbhatt from association with any FINRA member for failing to appear and testify pursuant to FINRA Rules 2010 and 8210.

## **B. Other Relevant Entities and Individuals**

3. Jade Private Wealth Management, LLC (“Jade”), during the relevant period, was a Maryland corporation operating as an investment adviser. Its principal place of business was in McLean, Virginia. Now defunct, Jade at times was licensed in as many as 11 states and the District of Columbia. Jade provided concierge-style investment advisory and financial management services, and sold insurance products, primarily to professional athletes. From April 2009 until at least April 2013, Jade’s employees, including Brahmbhatt, were associated with STS as registered representatives, and operated out of STS’s McLean branch office. At no point in time was Jade registered with the Commission.

4. Success Trade, Inc. (“STI”), during the relevant period, was a corporation organized, and with its principal place of business, in Washington, DC. STI was the parent company of STS, a registered broker-dealer and FINRA member. STI, under the sole control of Ahmed, issued the securities that are the subject of this Order, and whose purchase Brahmbhatt recommended to Jade’s advisory clients.

5. Success Trade Securities, Inc. (“STS”), during the relevant period, was a corporation organized, and with its principal place of business, in Washington, DC. From 1999 until October 2015, STS was registered as a broker-dealer with the Commission. STS offered and sold the STI Notes, and provided brokerage services to all of Jade’s advisory clients.

6. Fuad Ahmed (“Ahmed”), age 51, during the relevant period, resided in Washington, DC. Ahmed founded STI and STS, and served as the president, chief executive officer, sole officer and director, and largest shareholder of both entities.

## **C. Jade’s Founding, Clientele, and Services**

7. Brahmbhatt founded Jade in 2008 with the aim of providing investment advisory and financial management services to professional athletes. Jade’s clientele consisted primarily of young professional football and basketball players, who, in some cases, were just starting their careers, had little income history, were financially unsophisticated, and did not qualify as accredited investors.

8. Jade supplied its clients with a host of concierge-style services including investment advice, buying and selling securities through STS, budgeting, arranging for bill paying services, car services, travel arrangements, insurance policies, and real estate relocation. In its March 2013 Form ADV, Jade reported that, as of December 31, 2012, it had between 26 and 100 clients and slightly more than \$62 million in assets under management.

**D. Brahmbhatt and Jade Acquired Financing from Ahmed, through STI, and Entered into a Brokerage Arrangement with STS**

9. In spring 2009, Brahmbhatt and Jade were suffering from financial difficulties. Jade did not acquire its first client until early spring 2009, about a year after Brahmbhatt founded the firm. A start-up business with limited revenue, Jade could not afford to meet its payroll and pay its vendors without assistance.

10. Brahmbhatt's personal finances were similarly precarious. In spring 2009, he was personally liable for a loan from a former employer. Although Brahmbhatt eventually entered into a settlement agreement reducing the amount owed, he still lacked the funds to make his payments. Brahmbhatt also required additional capital to grow Jade's business.

11. In search of financing, Brahmbhatt entered into discussions with Ahmed, an acquaintance and former co-worker. In March 2009, after Brahmbhatt and Ahmed agreed to establish a brokerage relationship between Jade and STS, Ahmed, through STI, began making payments to Jade and Brahmbhatt. Brahmbhatt used the payments to cover Jade's business and some of his own personal expenses. In April 2009, Brahmbhatt became a registered representative of STS, as did three other Jade employees in or around that time.

**E. Brahmbhatt Advised Jade's Clients to Invest in the STI Notes and, Subsequently, to Roll Over, Extend, or Convert the Notes into STI Equity**

12. In February 2009, STI had significant debt and began issuing notes to raise much-needed capital. In early spring 2009, Brahmbhatt and Jade began recommending the STI Notes to Jade's advisory clients. Although Brahmbhatt advised Jade's clients to place approximately 15% to 30% of their investment portfolios in private placements, the STI Notes were one of only two such private placements that Brahmbhatt recommended.

13. The STI Notes, sold in unregistered, non-exempt offerings, carried purported annual interest rates ranging from 12% to at least 30%, paid on a monthly basis, typically over three years. Most of the notes were convertible to STI equity, typically at \$2 per share.

14. From March 2009 through at least February 2013, more than 60 Jade clients purchased at least 150 STI Notes, in amounts ranging from \$6,500 to \$1 million, for a total collective investment of approximately \$20 million.

15. By November 2012, STI was under severe financial pressure, and principal repayments on the three-year STI Notes issued in 2009 were beginning to come due. STI lacked the funds to repay the principal on mature notes and to cover monthly interest payments. As a result, STI began offering opportunities to existing noteholders to roll over, extend, or convert their notes into STI equity, typically at higher interest rates or lower conversion prices than were authorized by STI's offering memoranda.

16. From at least November 2012, through at least February 2013, Brahmbhatt and Jade advised certain Jade clients to extend or convert their STI Notes on the new terms offered by STI.

**F. Brahmbhatt Failed to Disclose to Jade’s Clients More than \$1.2 Million in STI Payments**

17. From March 2009 through at least February 2013, Ahmed, through STI, made more than \$1.2 million in payments to Jade and Brahmbhatt. Although Ahmed characterized these payments to Jade as “loans,” the transactions were largely undocumented, non-interest-bearing, and never repaid; nor did Ahmed seek repayment during the relevant period.

18. Brahmbhatt used funds he received from STI for both business and personal expenses, including Jade’s payroll, remissions to vendors, and payments due on his personal loan. Absent the payments from STI, Brahmbhatt would not have been able to pay Jade’s payroll and operating expenses or his personal obligations.

19. During the four years in which Brahmbhatt advised Jade’s clients with respect to the STI Notes, neither he, nor any of Jade’s other employees, disclosed to them the existence of the STI payments.

20. Brahmbhatt’s omissions concerning the STI payments were material because they (i) concealed conflicts of interest in breach of his fiduciary duty to Jade’s advisory clients and (ii) misled Jade’s clients into believing that his investment advice about the STI Notes was disinterested.

21. Brahmbhatt knew about the material omissions to Jade’s clients. As Jade’s chief executive officer and majority owner, he was aware of the payments received from STI, and used those payments for both business and personal expenses. Brahmbhatt was further aware that he and others associated with Jade failed to disclose the payments to Jade’s clients.

**Violations**

22. As a result of the conduct described above, Brahmbhatt willfully violated Sections 206(1) and 206(2) of the Advisers Act, which prohibit fraudulent conduct by an investment adviser.

**IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Brahmbhatt’s Offer.

Accordingly, pursuant to Section 15(b)(6) of the Exchange Act, Section 9(b) of the Investment Company Act, and Sections 203(f) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(2) of the Advisers Act.

B. Respondent Brahmhatt be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

C. Respondent shall, within 30 days of the entry of this Order, pay disgorgement of \$1,258,691 and prejudgment interest of \$170,134 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

D. Respondent shall, within 30 days of the entry of this Order, pay a civil money penalty in the amount of \$150,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Jinesh P. Brahmhatt as a Respondent in these proceedings and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Anthony S. Kelly, Co-Chief, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5012.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

**V.**

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Brent J. Fields  
Secretary