

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5462 / March 12, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19722

In the Matter of

MOTTY MIZRAHI,

Respondent.

ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940

I.

On March 4, 2020, the Securities and Exchange Commission (“Commission”) instituted public administrative proceedings against Motty Mizrahi (“Respondent”) pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”).

II.

After institution of these proceedings, the Respondent 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 and the findings contained in paragraph III.2 below, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. From June 2012 through March 2019, Respondent held himself out as the president MBIG Company “(MBIG”), his sole proprietorship, which managed client funds. Mizrahi, age 47, is a resident of Tarzana, California.

2. On January 9, 2020, a final judgment was entered by consent against Respondent, permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Motty Mizrahi, et al., Civil Action Number 2:19-CV-02284-PA-JEMx, in the United States District Court for the Central District of California.

3. The Commission’s complaint alleged that Respondent operated a fraudulent investment advisory scheme in which he falsely represented he actively managed client funds to generate 2-3% guaranteed monthly returns, he would receive 25% of the profits and maintained a large cash reserve, his trading strategy was risk-free and clients would not lose money, clients could withdraw their money at any time and their funds were secure, he sent clients account statements showing profitable trading when no profits existed, he used client funds to pay himself and his personal expenses, and he used fabricated brokerage statements inflating the amount of money Respondent claimed MBIG had in its brokerage account, and otherwise engaged in a variety of conduct which operated as a fraud and deceit on clients. The Commission’s complaint alleged that Respondent raised more than \$3 million from at least 15 advisory clients and that the number of defrauded clients and the amount raised may be significantly higher.

IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent 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; and

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, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) 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 (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

For the Commission, by its Secretary, pursuant to delegated authority.

Vanessa A. Countryman
Secretary