

1 HELANE L. MORRISON (ADMITTED IN CALIFORNIA)
2 JUDITH L. ANDERSON (ADMITTED IN CALIFORNIA)
3 AndersonJ@sec.gov
4 KEVIN M. GROSS (ADMITTED IN CALIFORNIA)
5 GrossK@sec.gov

6 Attorneys for Plaintiff
7 SECURITIES AND EXCHANGE COMMISSION
8 44 Montgomery Street, Suite 2600
9 San Francisco, California 94104
10 Telephone: (415) 705-2500

11 UNITED STATES DISTRICT COURT
12 WESTERN DISTRICT OF WASHINGTON

13 SECURITIES AND EXCHANGE COMMISSION,	Case No.
14 Plaintiff,	COMPLAINT
15 vs.	
16 JOSEPH C. LAVIN, and	
17 GLOBAL ASSET PARTNERS, LLP,	
18 Defendants.	

19 Plaintiff Securities and Exchange Commission ("Commission") alleges:

20 **SUMMARY OF ALLEGATIONS**

21 1. Between 2002 and 2005, Defendant Joseph C. Lavin and his company, Global Asset
22 Partners, LLP ("GAP"), a Seattle-based investment fund manager, defrauded more than 100 investors
23 out of over \$5 million. Although Lavin and GAP represented to investors that they were following
24 specified investment strategies, in reality, Lavin misappropriated at least \$894,000 of investor funds
25 to pay for personal automobiles, lavish trips, a Seattle Mariners luxury sky-box, real estate in the
26 State of Washington and Costa Rica and unsecured loans to associates. He diverted much of the
27 remaining investor funds into a risky real estate venture, and invested some of the funds in microcap

1 stocks - neither of which were disclosed to investors. In a classic Ponzi scheme, Lavin and GAP used
2 new investor funds to pay illusory returns to selected existing investors.

3 2. During this period, Lavin offered and sold investments in three funds managed by
4 GAP. Lavin and GAP represented that fund money would be invested in foreign currency arbitrage
5 and asset-backed securities -- with expected annual returns ranging from 18 to 36 percent. In 2004,
6 Lavin and GAP also marketed so-called "secured" promissory notes with annualized returns of 18
7 percent, allegedly to finance a Houston condominium development.
8

9 3. Unbeknownst to investors, Lavin and GAP commingled the investor money and then
10 used it for purposes at odds with the investment strategies represented to investors. Lavin and GAP
11 invested little of the funds' money in currency trading and lost most of what they did invest. The
12 promissory notes were not secured. Instead, using the commingled funds, Lavin bought individual
13 lots and condominium units later sold at a loss. Further, not only did Lavin misappropriate large
14 amounts of investor money for personal expenses, he and GAP diverted approximately \$1.8 million
15 of the commingled funds to a now-bankrupt Texas real estate project. Lavin also used commingled
16 funds to purchase microcap securities. The real estate project was not disclosed to investors until
17 2006, when the scheme had begun to unravel. Lavin and GAP never disclosed the microcap
18 securities investments.
19

20 4. Lavin lured investors with a claim that he had a proven track record and that GAP was
21 an established company doing business worldwide. In fact, Lavin's only prior currency trading
22 experience consisted of investments in an earlier failed currency trading scam. GAP, which Lavin
23 formed in 2001, was far from a world-wide organization; besides Lavin, it had only a handful of
24 employees, all located in the State of Washington.
25
26
27

1 13. Lavin and GAP solicited investors in the Funds by advertising the Funds to the general
2 public and through personal referrals. From 2002-2005, GAP maintained an internet website that
3 advertised the Funds. Lavin and GAP participated in investment seminars and conventions, including
4 in Las Vegas, Nevada, and Cancun, Mexico, where they solicited investors. Lavin also solicited
5 investors by telephone and email.
6

7 14. In 2004, Lavin and GAP began selling other securities in the form of purportedly
8 Secured Promissory Notes in an offering by Premier Windwater of Houston, LLC (the "Notes").
9 Premier Windwater purported to be a development company in Houston, Texas, co-managed by
10 Lavin and others. Lavin directly participated in offering and selling the Note investments by causing
11 GAP to send offering documents for the Notes to potential investors.
12

13 15. Lavin and GAP sold investments in the Funds and Notes regardless of investors' net
14 worth or income. Several investors funded their investments by withdrawing money from their
15 retirement funds. Although some of the investors were unaccredited and/or unsophisticated, Lavin
16 and GAP did not provide these investors with audited financial information for the Funds, the Notes,
17 or GAP.
18

19 16. As a result of GAP's offering materials, emails and oral solicitations to investors,
20 more than 100 people nationwide and in Canada and other foreign countries sent over \$5 million by
21 wire or mail to Lavin and GAP to invest in the Funds & the Notes.
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23 17. No registration statement was filed with the Commission in connection with the offer
24 and sale of investments in the Funds or the Notes.
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1 C.F.R. § 240.10b-5], and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and
2 (2)].

3 B. Order defendants Lavin and GAP to disgorge their ill-gotten gains in an amount
4 according to proof, plus pre-judgment interest thereon.

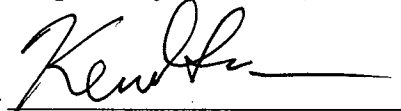
5 C. Order defendants Lavin and GAP to pay civil money penalties pursuant to Section
6 20(d)(1) of the Securities Act [15 U.S.C. § 77t(d)(1)], Section 21A of the Exchange Act [15 U.S.C. §
7 78u-1], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

8 D. Retain jurisdiction of this action in accordance with the principles of equity and the
9 Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and
10 decrees that may be entered, or to entertain any suitable application or motion for additional relief
11 within the jurisdiction of this Court.

12 E. Grant such other and further relief as this Court may deem just, equitable, and
13 necessary.

14 Dated: August 1, 2007

15 Respectfully submitted,

16 

17 Helane L. Morrison

18 Judith L. Anderson

19 Kevin M. Gross

20 Attorneys for Plaintiff

21 SECURITIES AND EXCHANGE COMMISSION