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09 CV 1746

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

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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

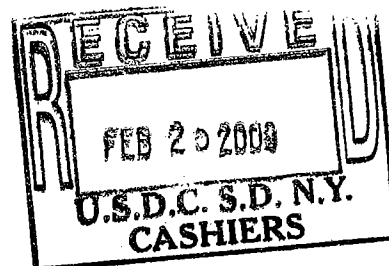
**NORTH HILLS MANAGEMENT, LLC, and
MARK EVAN BLOOM,**

Defendants,

- and -

**NORTH HILLS, LP, and
LAUREN BLOOM,**

Relief Defendants.
-----X



09 CV _____

COMPLAINT

COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against defendants North Hills Management, LLC (“North Hills”) and Mark Evan Bloom (“Bloom”) (collectively, the “Defendants”), and relief defendants North Hills, L.P. (the “Fund”) and Lauren Bloom (“L. Bloom”) (collectively, the “Relief Defendants”), alleges as follows:

SUMMARY

1. The Commission brings this emergency enforcement action to halt ongoing securities fraud perpetrated by Bloom and North Hills and involving the Fund, a New York

based hedge fund. North Hills is the Fund's General Partner and Bloom is North Hills' sole principal. Between 2001 and 2007, the Defendants raised approximately \$30 million from 40 to 50 investors by representing that the assets would be invested in a diverse group of hedge funds. Instead, Bloom misappropriated more than \$13.2 million of investor funds for his own use and to pay unauthorized personal expenses in support of his lavish lifestyle. The remaining funds were invested in a single fund which itself turned out to be fraudulent.

2. The Defendants solicited investments in the Fund by making numerous materially misleading representations, including that the Fund's assets would be allocated across multiple funds and fund managers to ensure diversification and moderate risk. The Defendants also sent investors false monthly account statements that portrayed their investments as profitable when, in reality, Bloom was systematically looting the Fund's trading account by making "loans" to himself and by investing in contravention of the Fund's stated investment strategy in the Philadelphia Alternative Asset Fund ("PAAF"), for which Bloom received undisclosed commissions in excess of \$355,000 over a 16-month period. PAAF itself was uncovered as a fraudulent scheme in June 2005. The Fund investors relied on these representations and false account statements in deciding to make investments, or additional investments, in the Fund and/or to refrain from redeeming earlier investments in the Fund.

3. By December 31, 2004, Bloom caused the Fund to "loan" at least \$13.2 million to himself through North Hills. Bloom used this money to fund his lavish lifestyle and to purchase luxury items for himself and his wife. In one example, in 2003, the Fund loaned North Hills \$5.255 million pursuant to a note. The timing of the \$5.255 million note coincides with the March 2003 purchase by Bloom and his wife of a Manhattan townhouse for \$5.2 million. Bloom

transferred all of his ownership interest in the townhouse to his wife, L. Bloom, in June 2005 for no consideration, and L. Bloom sold the townhouse in March 2007 for \$11.2 million.

4. Beginning in November 2007, one of the Fund's largest investors, a charitable trust (the "Trust") that funds children's schools began to serve Bloom with redemption requests which Bloom repeatedly evaded. To date, Bloom has failed to honor their redemption requests in full and his counsel has told the Trust that he does not have the means to do so. The Trust is owed more than \$9.5 million on its investment.

5. On information and belief, this fraud is ongoing. Bloom has continued to try to recruit new investors for the Fund and has told current investors that he would use this new money to repay them.

VIOLATIONS

6. By virtue of the conduct alleged herein:

- a. The Defendants, directly or indirectly, singly or in concert, have engaged and are engaging in acts, practices and courses of business, that constitute violations of Section 17(a) of the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77q(a).
- b. The Defendants, directly or indirectly, singly or in concert, have engaged and are engaging in acts, practices and courses of business that constitute violations of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.
- c. The Defendants, directly or indirectly, singly or in concert, have

engaged and are engaging in acts, practices and courses of business, that constitute violations of Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 (the “Advisers Act”), 15 U.S.C. §§ 80b-6(1), 80b-6(2), 80b-6(4), and Rule 206(4)-8 thereunder, 17 C.F.R. 275.206(4)-8.

d. Defendant Bloom has engaged and is engaging in acts, practices and courses of business, that constitute aiding and abetting violations of Sections 206(1), 206(2) and 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2), 80b-6(4), and Rule 206(4)-8 thereunder, 17 C.F.R. 275.206(4)-8.

e. Unless the Defendants are preliminarily and permanently restrained and enjoined, they will continue to engage in the acts, practices and courses of business set forth in this Complaint and in acts, practices and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

7. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act, 15 U.S.C. § 77t(b), Section 21(d)(1) of the Exchange Act, 15 U.S.C. § 78u(d)(1), and Section 209 of the Advisers Act, 15 U.S.C. § 80b-9, seeking to restrain and enjoin permanently the Defendants from engaging in the acts, practices and courses of business alleged herein.

8. The Commission also seeks, as immediate relief, a temporary restraining order and preliminary injunction against the Defendants prohibiting violations of the federal securities

laws, asset freezes against the Defendants and Relief Defendants, verified accountings from the Defendants and the Relief Defendants, expedited discovery, an order prohibiting the Defendants and the Relief Defendants from destroying or altering documents, and an order enjoining the Defendants and any third party from filing for bankruptcy on behalf of the Defendants without leave of this Court.

9. Finally, the Commission seeks a judgment permanently enjoining the Defendants from future violations of the federal securities laws, ordering the Defendants and the Relief Defendants to disgorge ill-gotten gains with prejudgment interest thereon, and ordering the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). The Commission also seeks a judgment ordering the Defendants to pay civil money penalties pursuant to Section 209 of the Advisers Act, 15 U.S.C. § 80b-9.

JURISDICTION AND VENUE

10. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), Sections 21(e) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(e) and 78aa, and Section 214 of the Advisers Act, 15 U.S.C. § 80b-14.

11. Venue is proper in the Southern District of New York pursuant to 28 U.S.C. § 1391. The Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the transactions, acts, practices and courses of business alleged herein. A substantial part of the events and omissions giving rise to the Commission's claims occurred in this district. North Hills and the Fund maintained offices in Manhattan from on or before January 2001 through the present and Bloom transacted North

Hills' and the Fund's business in that office.

THE DEFENDANTS

12. **North Hills Management, LLC** is a New York limited liability company formed in December 1995 with its principal place of business at 502 Park Avenue, 27th Floor, New York, NY 10022, and is wholly owned by Bloom, who is the firm's sole principal and Managing Member. North Hills is the Manager and General Partner of the Fund.

13. **Bloom**, age 57, resides in New York, New York. He is the principal and 100% owner of North Hills. Bloom held Series 3, 7, 24 and 63 licenses, but is not currently a registered representative or associated with a broker-dealer. Bloom is also a licensed CPA. Bloom is an investment adviser to the Fund because, for compensation, he advised the Fund as to the value of securities or as to the advisability of investing in, purchasing or selling securities. 15 U.S.C. § 80b-2(a)(11). On February 9, 2009, the National Futures Association ("NFA"), a self-regulatory organization for the commodity futures and options industry to whom the Commodity Futures Trading Association ("CFTC") has delegated certain functions, issued a Membership Responsibility Action against Bloom and suspended his NFA membership based on his failure to cooperate with the NFA.

THE RELIEF DEFENDANTS

14. **The Fund** is a limited partnership created in 1995. Prior to July 2001, the Defendants marketed the Fund as "an enhanced stock index" fund. Since July 2001, the Defendants have marketed the Fund as a "fund of funds" "designed to achieve above-average capital appreciation consistent with moderate risk." Among the Fund's claimed investment allocations, were allocations to "fixed income distressed debt" and "stock index arbitrage" hedge

funds. North Hills and Bloom are investment advisers to the Fund because, for compensation, they advised the Fund as to the value of securities or as to the advisability of investing in, purchasing or selling securities. 15 U.S.C. § 80b-2(a)(11).

15. **L. Bloom** is Bloom's wife. She resides in New York, New York.

FACTS

A. Bloom and North Hills Misrepresent the Nature of the Fund

16. The Fund's July 27, 2001 offering documents consisted of a Private Placement Memorandum ("PPM") which attached a copy of the North Hills Limited Partnership Agreement ("LPA"), subscription materials, and a Partnership Agreement Supplement (collectively, the "Offering Documents"). Bloom provided these Offering Documents to existing and prospective Fund participants. The Offering Documents characterize the Fund as "a private investment partnership that acts as a money management intermediary, investing the Partnership's capital in carefully selected investment partnerships and separately managed accounts." The Offering Documents further provide that the Fund employs a "multi-manager, multi-strategy approach" with an emphasis on "reducing the risk of a substantial decline in the value of the Partnership assets." North Hills, which is wholly-owned and controlled by Bloom, is the Fund's General Partner and Manager. North Hills charges the Funds a 1% yearly management fee and 20% of the Fund's annual profits. An investor list for the Fund dated December 31, 2007, indicates that the Fund had between 40 and 50 investors and over \$30 million in assets under management.

17. Pursuant to the Offering Documents, Fund investors were to receive monthly reports and annual financial statements audited by an independent certified public accountant. Despite this requirement, Defendants failed to provide annual financial statements to the Fund's

investors.

18. In 2004, the Trust, which had by that time invested \$13.5 million in the Fund sought assurances from Bloom concerning the safety of its investments. Bloom represented to the Trust that its investments were secure and well-diversified, and he highlighted the fact that he had recently undertaken efforts to enhance the compliance and back-office operations of North Hills. In an email dated March 5, 2004, Bloom represented to the Trust that he intended to enter into a sub-advisory agreement with Finch Asset Management (“FAM”) whereby FAM would take over back office administrative functions and certain administrative responsibilities. Bloom also represented in this email that he planned to institute a banking control requiring dual authorizations for transfers or checks in excess of \$1 million. The Trust relied upon these assurances in deciding to remain invested in the Fund.

19. Around this same time, Bloom provided the Trust with certain new, updated marketing materials – a 2004 “Executive Summary” – for the Fund, which listed FAM as the Fund’s new sub-adviser. The 2004 Executive Summary characterized the Fund as an “absolute return” fund that was expected to have, among other things, “consistent performance” “targeted at 12% annually,” “diversified risk” among “a variety of managers, each implementing one or more strategies,” and “liquidity” to permit “maximum quarterly redemptions.” The Executive Summary further identified the Fund’s five main trading strategies as: “options arbitrage,” “volatility trading,” “private credit arbitrage,” “fixed income/distressed debt” and “multi-strategy (structured) arbitrage.” This Executive Summary and a similar document dated October 1, 2004, both purported to disclose the Fund’s 2003 asset allocation as being distributed among the following categories of investments: options arbitrage, multi-strategy, credit arbitrage, fixed

income/distressed debt and volatility trading.

20. In addition, Defendants met with Fund investors and orally made similar representations concerning the Fund's investment strategy and asset allocation.

21. Bloom made further representations to the trust about the investment of the Fund's assets in 2005, which were false and misleading. In particular, in a report issued by FAM on behalf of the Fund in June 2005 (the "FAM Report"), Bloom represented that the Fund's assets were distributed among six different hedge funds, with no single fund holding more than 25% of the assets. The FAM Report identified the relevant hedge funds and investment allocations as follows: 10% in the Airlic Opportunity Fund (a credit arbitrage fund); 5% in the Centrix Loan Participation Fund (an auto based finance fund); 25% in the Gramercy Emerging Markets Fund (an emerging markets fund); 25% in the Millennium USA Fund (a multi-strategy fund); 25% in the Stewardship Credit Arbitrage Fund (a credit arbitrage fund); and 10% in the White Orchard Investment Fund (an options arbitrage fund).

22. As detailed herein, however, Bloom's representations concerning the Fund's "absolute return" and "multi-manager, multi-strategy" investment strategy were nothing more than a smoke-screen to hide the fact that by June 2005, at least \$30 million of the Fund's assets had been funneled to Bloom for his personal use or had been invested in a single fund, PAAF.

B. Bloom Misappropriated \$13 Million From The Fund For His Personal Use

23. Between 2002 and 2005, Bloom took approximately \$13 million from the Fund's assets for his own personal use without the knowledge or consent of the Fund's investors. Bloom's unauthorized personal "loans" from the Fund first came to light in November 2008, after Bloom failed to honor the Trust's repeated redemption requests.

24. Beginning in November 2007, the Trust began making redemption requests with Bloom for the return of its investments in the Fund. Bloom made partial redemptions totaling \$4 million, leaving the Trust with a balance of \$9.5 million in the Fund of its total investment of \$13.5 million.

25. In an October 16, 2008 email to the Trust, Bloom stated the non-PAAF assets “have not been too liquid.” Then, in an October 30, 2008 email in response to additional questions from the Trust, Bloom stated, “[t]he funds/notes are commingled” and the “[h]istoric returns [on the notes] vary but [are] around 8 percent.” These statements were false as Bloom, though his lawyer, subsequently acknowledged that all of the Fund’s assets were essentially gone; that is, they were either invested in PAAF or taken by Bloom in the form of “notes” payable from North Hills, which Bloom could not pay back. Specifically, on November 7, 2008, Bloom’s counsel sent the Trust a letter stating that, “[o]ther than assets allocated to the Philadelphia Asset Fund fraud, . . . the remaining assets of the [Fund] are in the form of notes payable from [North Hills], which is presently unable to repay the debt” and that “the total amount [of the debt] is in excess of \$8,000,000.” Later, Bloom’s counsel acknowledged that Bloom “borrowed” the money to purchase an apartment.

26. In November 2008, Bloom produced for the first time the Fund’s 2002 and 2003 audited financial statements to the Trust. These audited financials contained an ambiguous description of two notes payable from North Hills, together worth in excess of \$8 million. Bloom’s lawyer also stated in writing that although North Hills is required to maintain the Fund’s books and records in accordance with GAAP and to commission yearly independently audited financial statements, it has failed to do so since 2003.

27. The Notes to the 2003 audited financial statements indicate a distribution to notes receivable from the general partner in the amount of \$2.75 million and a distribution to notes receivable from the general partner in the amount of \$5.255 million. The timing of the \$5.255 million note generally coincides with the March 2003 purchase by Bloom and his wife of a Manhattan townhouse for \$5.2 million. Bloom transferred all of his ownership interest in the townhouse to his wife, L. Bloom, in June 2005 for no consideration and L. Bloom sold the townhouse in March 2007 for \$11.2 million.

28. L. Bloom received assets of North Hills to which she has no legitimate interest and must disgorge those assets back to the Fund.

29. According to North Hills' General Ledger as of December 31, 2003, throughout 2003, whenever the account balance for North Hills went negative, Bloom transferred money into North Hill's account with a journal entry labeled "notes payable." (*Id.* ¶ 15.) A section in the General Ledger, titled "Notes-Payable-North-Hills," lists fifteen entries to North Hills ranging from \$50,000 to \$800,000 each. Further, during 2003, Bloom paid from the North Hills account \$1.56 million in "office compensation," approximately \$1.23 million in "construction," approximately \$1.1 million in "personal-other" expenses and approximately \$0.7 million in cash.

30. A "Consolidated and Restated Demand Note," dated December 31, 2004, provided to the Trust by Bloom shows that Bloom caused the Fund to loan a total of \$13.2 million to North Hills as of December 31, 2004 with no apparent due date and interest due only on demand at a purported 8% annual rate. The note is signed by Bloom, as agent for North Hills, and is attached to an executed personal guarantee which appears to be executed by Bloom and his wife, L. Bloom. It is unknown whether Bloom paid the Fund any interest payments.

C. Bloom Improperly Invested \$17 Million of the Fund's Assets in PAAF

31. In addition to the \$13 million Bloom misappropriated from the Fund for his personal use, Bloom improperly invested \$17 million of Fund assets in just one fund – PAAF – for which Bloom received undisclosed commissions. From February 2004 through January 2005, Bloom caused the Fund to make seven separate investments in PAAF totaling \$17 million. In June 2005, however, Bloom represented to the Fund's investors that the Fund's assets were invested in the following funds: 10% in the Airlic Opportunity Fund (a credit arbitrage fund); 5% in the Centrix Loan Participation Fund (an auto based finance fund); 25% in the Gramercy Emerging Markets Fund (an emerging markets fund); 25% in the Millennium USA Fund (a multi-strategy fund); 25% in the Stewardship Credit Arbitrage Fund (a credit arbitrage fund); and 10% in the White Orchard Investment Fund (an options arbitrage fund).

32. PAAF itself was revealed to be part of a fraudulent scheme and was shut down by the CFTC in June 2005, when the CFTC charged PAAF's management company and principal with fraud and misappropriation in connection with several funds, including PAAF.

33. Bloom first disclosed the Fund's investment in PAAF in a letter to Fund investors in July 2005, following the CFTC's June 2005 action to shut-down PAAF and freeze its assets. Bloom did not disclose to the Fund's investors that he received commissions for directing the Fund's and other investments to PAAF.

34. From July 2005 forward, Bloom continually sent his investors updates regarding the progress of the CFTC's case involving PAAF and the timeline for recovery of the Fund's investment. These communications stated that "we remain hopeful that ... there will be a full recovery." However, by October 2006, Bloom had assigned the Fund's interest in PAAF to a

third party, which impaired the Fund's interest in any recovery from the CFTC's case involving PAAF.

35. Pursuant to this agreement, Bloom assigned the Fund's rights to the PAAF distribution to the third party in exchange for an up-front payment of \$2.3 million. This agreement had the effect of compromising the amount of recovery the Fund could obtain. Bloom clearly understood that entering into this agreement impaired the Fund's investment in PAAF. Nonetheless, Bloom failed to disclose to the Fund's investors the existence of the arrangement with the third party or its resultant impairment to the Fund's interests and made affirmative misrepresentations that he was hopeful that there would be a full recovery.

36. In addition, Bloom's decision to invest the Fund's assets in PAAF was a violation of his fiduciary duties to the Fund as its adviser. At the same time Bloom was causing the Fund to invest in PAAF, he was working for PAAF as a "third-party marketer." Bloom was paid one-third of the fees PAAF was charging PAAF investors, including the Fund. This presented an obvious conflict of interest that Bloom was required to fully and fairly disclose to the Fund. Bloom received at least \$1.6 million in commissions from May 2004 until June 2005 (when the CFTC shut down PAAF), more than \$355,000 of which is directly attributable to the Fund's investment in PAAF.

37. Bloom's decision to invest over half of the Fund's assets in one hedge fund – PAAF – is contrary to the stated investment strategy in the Fund's offering and marketing materials. Bloom represented that the Fund employs a "multi-manager, multi-strategy approach" and, in June 2005, Bloom provided the Fund's investors with the FAM Report indicating that the Fund's asset were distributed among the following six hedge funds: The Airlic Opportunity

Fund (a credit arbitrage fund); The Centrix Loan Participation Fund (an auto based finance fund); The Gramercy Emerging Markets Fund (an emerging markets fund); The Millennium USA Fund (a multi-strategy fund); The Stewardship Credit Arbitrage Fund (a credit arbitrage fund); and The White Orchard Investment Fund (an options arbitrage fund). Bloom's representations were false and misleading at the time that they were made because by June 2005, the Fund's \$30 million of assets were either misappropriated by Bloom through "loans" to North Hills (\$13 million) or invested with PAAF (\$17 million).

D. Bloom Appears to Be Actively Soliciting New Investors

38. In December 2008, a friend of Bloom's told representatives of the Trust that Bloom had new investors lined up who were planning to invest \$60 million in the Fund in early 2009. The Trust was also told that a significant estate was planning to invest \$50 million, and perhaps as much as \$200 million, with Bloom.

39. Defendants knowingly or with reckless disregard committed the foregoing acts of fraud, misappropriation, false statements and reports, and material misrepresentations and omissions of fact.

FIRST CLAIM FOR RELIEF
Violations of Section 17(a) of the Securities Act
(North Hills and Bloom)

40. Paragraphs 1 through 39 are re-alleged and incorporated by reference as if fully set forth herein.

41. From at least July 2001 through the present, the Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by the use of the mails, directly and indirectly, have employed and are

employing devices, schemes and artifices to defraud.

42. From at least July 2001 through the present, the Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by the use of the mails, directly and indirectly, have obtained and are obtaining money and property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and have engaged and are engaging in transactions, practices or courses of business which operate as a fraud and deceit upon their investors.

43. The Defendants knew or were reckless in not knowing that the representations set forth herein were false and misleading.

44. By reason of the activities described herein, the Defendants have violated and are violating Section 17(a) of the Securities Act, 15 U.S.C. §77q(a).

SECOND CLAIM FOR RELIEF
Violations of Section 10(b) of the Exchange Act and Rule 10b-5
(North Hills and Bloom)

45. Paragraphs 1 through 39 are re-alleged and incorporated by reference as if fully set forth herein.

46. From at least July 2001 through the present, the Defendants, in connection with the purchase and sale of securities, directly and indirectly, by the use of the means and instrumentalities of interstate commerce or of the mails, have employed and are employing devices, schemes and artifices to defraud; have made and are making untrue statements of material fact and have omitted and are omitting to state material facts necessary in order to make

the statements made, in the light of the circumstances under which they were made, not misleading; and have engaged and are engaging in acts, practices and courses of business which operate or would operate as a fraud and deceit upon investors.

47. The Defendants knew or were reckless in not knowing that the representations set forth herein were false and misleading.

48. By reason of the activities described herein, the Defendants have violated and are violating Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated thereunder.

THIRD CLAIM FOR RELIEF
Violations of Sections 206(1), 206(2) and 206(4)
of the Advisers Act and Rule 206-4(8) thereunder
(North Hills and Bloom)

49. Paragraphs 1 through 39 are re-alleged and incorporated by reference as if fully set forth herein.

50. From at least July 2001 through the present, the Defendants, as investment advisers, directly and indirectly, by the use of the means and instrumentalities of interstate commerce or of the mails, have employed and are employing devices, schemes and artifices to defraud the Fund and its investors, and have engaged and are engaging in transactions, practices and courses of business which operated as a fraud and deceit upon the Fund and its investors.

51. The Defendants knew or were reckless in not knowing that the representations set forth herein were false and misleading.

52. By reason of the activities described herein, the Defendants have violated and are violating Sections 206(1), 206(2) and 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2) and 80b-6(4) and Rule 206(4)-8 thereunder, 17 C.F.R. 275.206(4)-8.

FOURTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Sections 206(1), 206(2) and 206(4)
of the Advisers Act and Rule 206(4)-8 thereunder
(Bloom)

53. Paragraphs 1 through 39 are re-alleged and incorporated by reference as if fully set forth herein.

54. From at least July 2001 through the present, Bloom, directly and indirectly, singly or in concert, aided and abetted North Hills' violations of Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder. Specifically, Bloom knowingly provided substantial assistance to North Hills in making the materially false and misleading representations and omissions and misappropriations of the Fund's assets alleged herein.

55. Bloom knew or was reckless in not knowing that the representations set forth herein were false and misleading.

56. By reason of the activities described herein, Bloom aided and abetted and is aiding and abetting North Hills' violations of Sections 206(1), 206(2) and 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2) and 80b-6(4) and Rule 206(4)-8 thereunder, 17 C.F.R. 275.206(4)-8.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court grant the following relief:

I.

An Order temporarily and preliminarily, and a Final Judgment permanently, restraining and enjoining Defendants North Hills and Bloom, their agents, officers, servants, employees and attorneys and all persons in active concert or participation with them who receive actual

notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 17(a) of the Securities Act, 15 U.S.C. §§ 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and from future violations of Sections 206(1), 206(2) and 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(1), 80b-6(2) and 80b-6(4) and Rule 206(4)-8 thereunder, 17 C.F.R. 275.206(4)-8.

II.

A freeze of all Defendants' and Relief Defendants' assets.

III.

An Order directing each of the Defendants and the Relief Defendants to file with this Court and serve upon the Commission, within three (3) business days, or within such extension of time as the Commission staff agrees to, a verified written accounting, signed by each Defendant or Relief Defendant under penalty of perjury.

IV.

An Order permitting expedited discovery.

V.

An Order enjoining and restraining each of the Defendants and the Relief Defendants, and any person or entity acting at their direction or on their behalf, from destroying, altering, concealing, or otherwise interfering with the access of the Commission to relevant documents, books and records.

VI.

An Order enjoining and restraining each of the Defendants, and their agents, employees, attorneys, or other professionals, anyone acting in concert with them, and any third party from

filing a bankruptcy proceeding on behalf of the Defendants without at least 3 days notice to the Plaintiff and approval of the Court.

VII.

A Final Judgment ordering each of the Defendants and Relief Defendants to disgorge their ill-gotten gains, plus prejudgment interest, and such other and further amount as the Court may find appropriate.


VIII.

A Final Judgment ordering Defendants North Hills and Bloom to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), and Section 209 of the Advisers Act, 15 U.S.C. § 80b-9.

IX.

Such other and further relief as to this Court deems just and proper.

Dated: New York, New York
February 25, 2009

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