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U.S. DISTRICT COURT  
CENTRAL DIST. OF CALIF.  
LOS ANGELES  
BY: [Signature]

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Securities and Exchange Commission

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

FLEET MUTUAL WEALTH  
LIMITED, and, MWF FINANCIAL  
LIMITED, d/b/a MUTUAL  
WEALTH,

Defendants,

and

RISORT PARTNERS, INC.,  
HULLSTAR CAPITAL LLP,  
CAMBER ALLIANCE LLP,  
KIMROD ESTATE LLP, and  
MIDLCORP TRADE LTD.,

Relief Defendants.

Case No. **CV 14-01409-DMG(JEM)**

**COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL SECURITIES LAWS**

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1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as  
2 follows:

3 1. Defendants Fleet Mutual Wealth Limited and MWF Financial Limited  
4 (collectively, “Mutual Wealth”) operate an emerging, fraudulent pyramid scheme  
5 masquerading as an international investment firm. Through its website, social media  
6 accounts, and numerous promoters, Mutual Wealth has made and continues to make  
7 numerous fraudulent misrepresentations designed to lure investors into setting up  
8 accounts and depositing funds. It purports to invest customer funds using an  
9 “innovative” high-frequency trading strategy that allows “capital to be invested into  
10 securities for no more than a few minutes.” Mutual Wealth promises its investors  
11 guaranteed extraordinary returns of 2%-3% percent *per week*. Mutual Wealth then  
12 encourages existing investors to become “accredited advisors” and recruit new  
13 investors in exchange for a referral fee or commission.

14 2. Almost nothing Mutual Wealth represents to its investors is true. The  
15 company does not purchase or sell securities on behalf of investors. Rather, it diverts  
16 investors’ money to offshore bank accounts held by shell companies. Its purported  
17 headquarters in Hong Kong does not exist. Its purported “data-centre” in New York  
18 does not exist. The “executives” it lists on its website do not exist. It is not, as it  
19 claims in emails to investors, “registered” or “duly registered” with the Commission.

20 3. At least 150 U.S. investors have opened accounts with Mutual Wealth.  
21 Their investments to date total at least \$300,000 and are growing by the day.

22 4. Mutual Wealth’s conduct violates, and unless enjoined will continue to  
23 violate, the antifraud and registration provisions of the federal securities laws. The  
24 Commission seeks a permanent injunction, disgorgement with prejudgment interest,  
25 civil penalties, and accountings.

## 26 JURISDICTION AND VENUE

27 5. Mutual Wealth, directly and indirectly, has made use of the means or  
28 instrumentalities of interstate commerce, of the mails, or of the facilities of a national

1 securities exchange, in connection with the transactions, acts, practices, and courses  
2 of business alleged in this Complaint. The Court therefore has jurisdiction over this  
3 action pursuant to Sections 20(b), 20(d)(1) and 22(a) of the Securities Act of 1933  
4 (“Securities Act”), 15 U.S.C. §§ 77t(b), 77t(d)(1), & 77v(a), and Sections 21(d)(1),  
5 21(d)(3)(A), 21(e), and 27 of the Securities Exchange Act of 1934 (“Exchange Act”),  
6 15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e), & 78aa.

7 6. Venue is proper in this district pursuant to Section 22(a) of the Securities  
8 Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C. § 78aa,  
9 because certain of the transactions, acts, practices and courses of conduct constituting  
10 violations of the federal securities laws occurred within this district, and many of  
11 Mutual Wealth’s investors and “accredited advisors” reside within this district.

12 **THE DEFENDANTS**

13 7. Fleet Mutual Wealth Limited purports to be a Hong Kong company. Its  
14 2012 Annual Report, which it filed with the government of Hong Kong, names a  
15 single director and provides a non-existent U.S. address for him.

16 8. MWF Financial Limited was incorporated in the Republic of Cyprus on  
17 December 22, 2010. MWF Financial Limited’s certificate of incorporation names the  
18 same person as the sole director and shareholder and provides the same non-existent  
19 U.S. address for him.

20 9. Mutual Wealth, upon information and belief, operates through entities in  
21 Panama and the United Kingdom and through Russian or Belarussian nationals.  
22 Upon information and belief, Mutual Wealth uses offshore bank accounts in Cyprus  
23 and Latvia to divert money from investors.

24 10. Upon information and belief, Relief Defendant Risort Partners, Inc. is a  
25 Panamanian company. Risort Partners held a bank account in Latvia into which  
26 investor funds were diverted.

27 11. Upon information and belief, Relief Defendant Hullstar Capital LLP is a  
28 British entity. Hullstar Capital holds a bank account in Latvia into which investor

1 funds were diverted.

2 12. Upon information and belief, Relief Defendant Camber Alliance LLP is  
3 a British entity. Camber Alliance withdrew investor funds from Risort Partners'  
4 Latvian bank account.

5 13. Upon information and belief, Relief Defendant Kimrod Estate LLP is a  
6 British entity. Kimrod Estate withdrew investor funds from Risort Partners' Latvian  
7 bank account.

8 14. Upon information and belief, Relief Defendant Midlcorp Trade Ltd. is a  
9 British entity. Midlcorp Trade withdrew investor funds from Risort Partners' Latvian  
10 bank account.

11 15. Risort Partners, Hullstar Capital, Camber Alliance, Kimrod Estate, and  
12 Midlcorp Trade are collectively referred to as the "Relief Defendants."

13 **STATEMENT OF FACTS**

14 **Mutual Wealth's Purported Business**

15 16. Mutual Wealth's website (www.mutualwealth.com) has been active  
16 since approximately January 2013. It has a sleek design and sophisticated veneer  
17 designed to resemble the websites of legitimate investment firms. Although hosted  
18 by a provider in Luxembourg, the website is transmitted by a "pass-through" network  
19 service based in San Francisco, to make it appear to U.S. investors to be a domestic  
20 website.

21 17. In response to emails from inquiring investors, Mutual Wealth represents  
22 that it is "registered" or "duly registered" with the SEC, leaving investors with the  
23 false impression that Mutual Wealth's conduct is monitored and sanctioned by a U.S.  
24 government agency.

25 18. Mutual Wealth claims to offer three investment portfolios: (1) Growth and  
26 Income, (2) Active Trader, and (3) Easy Saver.<sup>1</sup> These portfolios differ according to  
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28 <sup>1</sup> All of Mutual Wealth's representations appear on its website unless otherwise specified.

1 their purported level of risk based on the blend of U.S. stocks in which each invests.  
2 The three portfolios offer varying estimated earnings, minimum guaranteed earnings,  
3 holding periods, and early withdrawal penalties. They all, however, offer returns that  
4 are too good to be true. The Easy Saver Portfolio, the lowest-risk portfolio, guarantees  
5 a return of 2% each week. The Active Trader Portfolio guarantees weekly returns of  
6 2.5%, while the Growth and Income Portfolio guarantees 3% returns each week. All  
7 three portfolios require a minimum investment of \$100.

8 19. Mutual Wealth claims to generate profits for its investors through high-  
9 frequency trading of large-cap and mid-cap U.S. stocks. Mutual Wealth claims that its  
10 “innovative” trading strategy “allows capital to be invested into securities for no more  
11 than a few minutes,” which “means that firms such us [sic] ourselves are not exposed  
12 to risks associated with market downturns.” The Growth and Income and Active  
13 Trader Portfolios purport to engage in short trades “executed by ‘borrowing stock,’  
14 selling it at the current bid price, and repurchasing it moments later when the asking  
15 price is lower than the price at which the borrowed stock was sold.”

16 20. Investors who complete an account application are instructed to transfer  
17 money to Mutual Wealth either by wire transfer to banks located in Latvia and  
18 Cyprus or through third-party payment processors such as SolidTrust Pay, EgoPay, or  
19 Perfect Money. One of these Latvian bank accounts was held in the name of Relief  
20 Defendant Hullstar Capital. Another was held in the name of Relief Defendant Risort  
21 Partners. Funds directed to Risort Partner’s Latvian account have then been further  
22 diverted to Relief Defendants Camber Alliance, Kimrod Estate and Midlcorp Trade.  
23 Bank records indicate that Camber Alliance, Kimrod Estate, and Midlcorp Trade used  
24 the money they removed from Risort Partners’ account to purchase computer  
25 equipment or for geological surveys or research, not to purchase U.S large-cap and  
26 mid-cap stocks.

27 21. To date, Mutual Wealth has collected hundreds of thousands of dollars  
28 from at least 150 investors in the U.S.

1 **The Referral Program**

2 22. Mutual Wealth has a referral program that operates as a pyramid  
3 scheme. The program allows investors to refer others to Mutual Wealth and earn a  
4 percentage of their investments, plus a percentage of the supposed earnings on those  
5 investments. Ordinary investors receive a 3% commission for referrals. But for  
6 “accredited advisors,” Mutual Wealth offers three compensation tiers depending on  
7 the total investment or number of accounts: Bronze (<\$5,000 and to up 50 accounts),  
8 Gold (\$5,000 to \$25,000 and between 51 and 100 accounts), and Platinum (>\$25,001  
9 and at least 101 accounts). The three levels provide for sales commissions of 3%,  
10 8%, and 12%, respectively; profit sharing of 1.5%, 2.5%, and 5% respectively; and  
11 incentives of \$50, \$70, and \$100, respectively.

12 23. The referral fee, up to 12%, has had the desired effect. Accredited  
13 advisors have created brochures, videos, webinars, Facebook entries, holiday cards,  
14 tweets, and other Internet statements to recruit others to invest in Mutual Wealth.

15 24. One accredited advisor posted a lengthy video on vimeo.com that  
16 encourages others to invest in Mutual Wealth as a safe investment with guaranteed  
17 earnings because it is “registered” with the Commission. Mutual Wealth is not  
18 registered with the Commission.

19 25. Another accredited advisor has apparently uploaded to YouTube a  
20 pirated copy of a video, initially posted by an unrelated investment company,  
21 discussing international markets generally. Below the video is a description of  
22 Mutual Wealth and its portfolios, links to Mutual Wealth’s website, and guidance for  
23 opening an account and giving credit to the accredited advisor for the referral.

24 26. One accredited advisor has recruited 29 investors, principally in the Los  
25 Angeles area, who have transferred more than \$131,000 to Mutual Wealth.

26 **Social Media Accounts**

27 27. Mutual Wealth leverages the scope and reach of social media to solicit  
28 investors with its fraudulent pitch. It primarily solicits investors through its website,

1 but it also maintains Facebook and Twitter accounts that link to its website and serve  
2 as platforms through which it lures new investors. To lure in additional investors,  
3 some of Mutual Wealth's "accredited advisors" have also used Internet-based and  
4 social media channels, including Skype, YouTube, Facebook, and Twitter.

5 28. Mutual Wealth's Facebook page repeats some of the misrepresentations  
6 about its investment programs. For example, the Facebook page boasts "HFT  
7 portfolios with ROI of up to 250% per annum. Income yield up to 8% per week,"  
8 and that "[a] \$1000 investment into the Growth and Income Portfolio made on April  
9 8<sup>th</sup>, 2013 is now [August 12, 2013] worth \$2,112.77." Most of Mutual Wealth's  
10 status updates on its Facebook page announce new service features and planned  
11 service disruptions. The comment sections beneath these posts are often filled with  
12 solicitations by accredited advisors.

13 29. Mutual Wealth's Twitter page repeats the service announcements found  
14 on the Facebook page.

15 30. By maintaining these and other social media accounts, Mutual Wealth  
16 bolsters its virtual presence and burnishes its veneer of legitimacy, luring retail  
17 investors whose money is then diverted overseas to offshore banks and shell companies.

### 18 **SEC Filings**

19 31. Mutual Wealth has filed three Securities Act Forms D with the  
20 Commission.

21 32. Each Form D purports to give notice of offerings of securities that are  
22 exempt from registration with the Commission under Regulation D of the Securities  
23 Act. But Mutual Wealth's offers and sales of securities do not qualify for the  
24 exemptions cited in the Forms D or any exemption under from registration under  
25 Regulation D of the Securities Act. Consequently, the Forms D are invalid and of no  
26 legal effect.

27 33. These three Forms D are the only documents Mutual Wealth has ever  
28 filed with the Commission.

1 **Misrepresentations and Omissions**

2 34. Mutual Wealth purports to invest its investors' funds using an  
3 "innovative," low-risk trading strategy that guarantees astronomical weekly returns.  
4 Upon information and belief, Mutual Wealth does not purchase or sell securities  
5 using any strategy.

6 35. Mutual Wealth misrepresents that investor funds are used to purchase  
7 large-cap and mid-cap U.S. stocks. Upon information and belief, investors' funds are  
8 instead diverted to shell companies in Panama or the United Kingdom and used to  
9 purchase computer equipment and geological surveys.

10 36. In emails to investors, Mutual Wealth misrepresents that it is  
11 "registered" or "duly registered" with the Commission. To support that  
12 misrepresentation, Mutual Wealth refers inquiring investors to the defective Forms D  
13 described above. Mutual Wealth is not, nor has it ever been, "registered" in any  
14 capacity with the Commission.

15 37. Mutual Wealth misrepresents to prospective investors that a team of  
16 equity trading specialists founded Mutual Wealth and implies that its founders  
17 continue to serve as executives for Mutual Wealth. Upon information and belief,  
18 either the so-called executives on the website are no longer affiliated with Mutual  
19 Wealth or never existed in the first place.

20 38. Mutual Wealth misrepresents that it maintains its headquarters in Hong  
21 Kong and a secondary office in New York that houses a "data-centre interconnected  
22 with the trading floors of the major exchanges in the United States." In fact, Mutual  
23 Wealth has no office in Hong Kong or "data-centre" in New York.

24 39. Mutual Wealth's sole shareholder and director has filed records with  
25 Hong Kong and Cypriot authorities using a non-existent U.S. address, and has used  
26 two U.S. passports that were either forged or stolen. Upon information and belief,  
27 Mutual Wealth's sole shareholder and director, as with every person claiming to  
28 represent Mutual Wealth, is a fiction. The real operators of Mutual Wealth are using

1 fictitious names, addresses and other information to further their fraud.

2 **FIRST CLAIM**

3 **Violations of Sections 10(b) and Rule 10b-5 of the Exchange Act by Mutual**

4 **Wealth**

5 40. The Commission realleges paragraphs 1 through 39 above.

6 41. Mutual Wealth has violated and, unless enjoined will continue to violate,  
7 Exchange Act Section 10(b) and Exchange Act Rule 10b-5 [15 U.S.C. § 78j(b); 17  
8 C.F.R. § 240.10b-5].

9 42. Mutual Wealth, directly or indirectly, by use of the means or instruments  
10 of interstate commerce, or of the mails, or the facility of a national securities  
11 exchange, in connection with the purchase or sale of securities, and with knowledge  
12 or recklessness: (a) has employed and employs devices, schemes, or artifices to  
13 defraud; (b) has made and makes untrue statements of material fact or omitted to state  
14 material facts necessary to make the statements made, in light of the circumstances  
15 under which they were made, not misleading; and/or (c) has engaged and engages in  
16 acts, practices, or courses of business which operated or would operate as a fraud or  
17 deceit upon any person.

18 43. Mutual Wealth’s fraudulent scheme includes, among other things, the  
19 following fraudulent devices, fraudulent acts, untrue statements of material fact, and  
20 material omissions:

21 a. Mutual Wealth represents in emails to investors that their money  
22 will be invested in large-cap and mid-cap stocks using a high-  
23 frequency trading strategy, when in reality all investor funds are  
24 diverted to overseas bank accounts and never invested in any  
25 securities using any strategy;

26 b. Mutual Wealth represents to investors that it is “registered” or  
27 “duly registered” with the Commission, when in fact it has never  
28 been “registered” in any capacity with the Commission;

- c. Mutual Wealth represents to investors that it employs a team of equity trading specialists, when in fact the individuals listed on its website are no longer affiliated with Mutual Wealth or never existed in the first place;
- d. Mutual Wealth represents to investors that it has offices in Hong Kong and New York, when in reality it has no offices in either city; and
- e. Mutual Wealth is a pyramid scheme in which existing investors receive a commission or fee for recruiting new customers to provide investment funds to Mutual Wealth.

**SECOND CLAIM**

**Violations of Sections 17(a)(1), (2), and (3) of the Securities Act by Mutual Wealth**

44. The Commission realleges paragraphs 1 through 43 above.

45. Mutual Wealth has violated and, unless enjoined will continue to violate, Securities Act Sections 17(a)(1), (2), and (3) [15 U.S.C. §§ 77q(a)(1), (2) & (3)].

46. Mutual Wealth, directly or indirectly, by use of the means or instruments of interstate commerce, or of the mails, or the facility of a national securities exchange, in connection with the offer or sale of securities, and with knowledge, recklessness or negligence: (a) has employed and employs devices, schemes, or artifices to defraud; (b) has obtained and obtains money or property by means of untrue statements of material fact or by omitting to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (c) has engaged and engages in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers of the securities being offered or sold.

47. Mutual Wealth's fraudulent scheme includes, among other things, the following fraudulent devices, fraudulent acts, untrue statements of material fact, and

1 material omissions:

- 2 a. Mutual Wealth represents to investors that their money will be  
3 invested in large-cap and mid-cap stocks using a high-frequency  
4 trading strategy, when in reality all investor funds are diverted to  
5 overseas bank accounts and never invested in any securities using  
6 any strategy;
- 7 b. Mutual Wealth represents in emails to investors that it is  
8 “registered” or “duly registered” with the Commission, when in  
9 fact it has never been “registered” in any capacity with the  
10 Commission;
- 11 c. Mutual Wealth represents to investors that it employs a team of  
12 equity trading specialists, when in fact the individuals listed on its  
13 website are no longer affiliated with Mutual Wealth or never  
14 existed in the first place;
- 15 d. Mutual Wealth represents to investors that it has offices in Hong  
16 Kong and New York, when in reality it has no offices in either  
17 city; and
- 18 e. Mutual Wealth is a pyramid scheme in which existing investors  
19 receive a commission or fee for recruiting new customers to  
20 provide investment funds to Mutual Wealth.

21 **THIRD CLAIM**

22 **Violations of Sections 5(a) and 5(c) of the Securities Act by Mutual Wealth**

23 48. The Commission realleges paragraphs 1 through 47 above.

24 49. Mutual Wealth, by engaging in the conduct described above, directly or  
25 indirectly, made use of means or instruments or transportation or communication in  
26 interstate commerce or of the mails, to offer to sell or to sell securities, or to carry or  
27 cause such securities to be carried through the mails or in interstate commerce for the  
28 purpose of sale or for delivery after sale.

1 50. No registration statement has been filed with the Commission or has  
2 been in effect with respect to any of the offerings alleged herein, and no exemption  
3 from registration applies.

4 51. By engaging in the conduct described above, Mutual Wealth has  
5 violated, and unless restrained and enjoined will continue to violate, Sections 5(a) and  
6 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

7 **FOURTH CLAIM**

8 **Disgorgement of Ill-Gotten Funds by Relief Defendants**

9 52. The Commission realleges paragraphs 1 through 51 above.

10 53. The Relief Defendants have received, are receiving, and currently hold  
11 the ill-gotten proceeds of the violations outlined above.

12 54. The Relief Defendants have been unjustly enriched by the receipt of  
13 investor funds.

14 55. The Relief Defendants have no legitimate claim to the investor funds they  
15 have received and should be required to disgorge them, plus prejudgment interest.

16 **PRAAYER FOR RELIEF**

17 WHEREFORE, the Commission respectfully prays for:

18 **I.**

19 A judgment in favor of the Commission finding that Mutual Wealth violated  
20 the federal securities laws and Commission Rule as alleged in this Complaint;

21 **II.**

22 A permanent injunction enjoining Mutual Wealth from violating Securities Act  
23 Sections 5(a), 5(c), 17(a)(1), (2), and (3), Exchange Act Section 10(b), and Exchange  
24 Act Rule 10b-5;

25 **III.**

26 An order requiring Mutual Wealth to disgorge all misappropriated investor  
27 funds and other ill-gotten gains that it obtained as a result of its fraudulent  
28 misstatements, acts or courses of conduct described in this Complaint, and to pay

1 prejudgment interest thereon;

2 **IV.**

3 An order requiring each Relief Defendant to disgorge all diverted investor  
4 funds and other ill-gotten gains it has received from Mutual Wealth.

5 **V.**

6 An order requiring Mutual Wealth and each Relief Defendant to file with the  
7 Court and serve on the Commission a sworn written accounting of all assets over  
8 which Mutual Wealth has ownership or control;

9 **VI.**

10 An order requiring Mutual Wealth to pay civil monetary penalties pursuant to  
11 Securities Act Section 20(d) and Exchange Act Section 21(d)(3), 15 U.S.C. §§ 77t(d),  
12 78u(d)(3);

13 **VII.**

14 An order requiring Mutual Wealth to disable its website and social media  
15 accounts;

16 **VIII.**

17 Such equitable relief as may be appropriate or necessary for the benefit of  
18 investors pursuant to Exchange Act Section 21(d)(5), 15 U.S.C. § 78u(d)(5).

19 **DEMAND FOR JURY TRIAL**

20 The Commission hereby demands a trial by jury pursuant to Rule 38(b) of the  
21 Federal Rules of Civil Procedure.

22  
23 Dated: February 24, 2014

Respectfully submitted,

**Securities and Exchange Commission**

By its attorneys,

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