

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
v.	§	Case No.: 4:15-cv-358
	§	
CHRISTOPHER A. NOVINGER,	§	
BRADY J. SPEERS,	§	
NFS GROUP, LLC d/b/a NOVERS FINANCIAL a/k/a	§	
SAFE RETIREMENT EXPERTS,	§	
ICAN INVESTMENT GROUP, LLC, and	§	
SPEERS FINANCIAL GROUP, LLC,	§	
	§	
Defendants.	§	
	§	

COMPLAINT

Plaintiff Securities and Exchange Commission (the “Commission”) files this Complaint against Defendants Christopher A. Novinger, Brady J. Speers, NFS Group, LLC d/b/a Novers Financial a/k/a Safe Retirement Experts, ICAN Investment Group, LLC, and Speers Financial Group, LLC (collectively “Defendants”), and alleges as follows:

SUMMARY

1. From February 2012 through January 2014, Defendants Christopher A. Novinger, Brady J. Speers, and their company, NFS Group, LLC d/b/a Novers Financial a/k/a Safe Retirement Experts (“Novers”), fraudulently offered and sold life settlement interests¹ by falsely assuring investors that the investment was:

¹ A life settlement is a transaction in which an owner of a life insurance policy (frequently the insured) sells his/her life insurance policy to a third party for more than the policy’s cash surrender value but less than the policy’s face value (or net death benefit). After a life insurance policy has been sold in a life settlement transaction, the buyer can divide the future benefits payable under the policy into fractions and sell these fractional interests to others. These fractional interests in the future benefits payable under a life insurance policy, upon the death of the underlying insured, are referred to as life settlement interests.

- a. “safe, guaranteed investment[s] with annualized return average of 7-11%;
- b. “risk free” and one in which “you cannot lose a dollar;”
- c. “safe as CDs [yielding] annual returns of 10-14%;
- d. “by far the most secure, safe method for growing funds;”
- e. “federally insured;” and
- f. comprised of “policies insured with large, A-rated companies and backed by Federal Reserves.”

2. Novinger and Speers, who host a weekly radio show dubbed the “Retirement Experts Radio Show” that airs on Dallas/Fort Worth AM radio stations, also made false and misleading representations to prospective investors about their purported business experience and financial expertise, marketing themselves to prospective investors as (i) licensed financial consultants, (ii) “The Low Risk, Safe Money Guys,” (iii) retirement experts, and (iv) “the largest non-risk investment consulting firm in the Southwest.”

3. However, Novinger and Speers possess little to no training relating to securities and non-insurance related financial products, including life settlements. Even worse, Novinger and Speers have repeatedly been sanctioned by regulatory authorities, including the Oklahoma Department of Securities,² the Texas Attorney General, the State of California’s Department of Managed Health Care, and the Federal Communications Commission (“FCC”).³ In fact, the Oklahoma Department of Securities sanctioned Novinger, Speers, and Novers in connection with their efforts to sell life settlements to Oklahoma residents. Despite touting their supposed

² The Oklahoma Department of Securities issued a cease-and-desist order against Novinger, Speers, and Novers in September 2013 for their fraudulent offer of unregistered life settlements in Oklahoma.

³ The Texas Attorney General, the FCC, and the State of California each took regulatory action against a prior company owned, managed, and directed by Novinger and Speers for the company’s participation in a fraudulent scheme to mass-market discount health plans.

qualifications, Novinger, Speers, and Novers failed to disclose these actions taken against them by multiple regulatory agencies.

4. Novinger and Speers also created phony, meaningless titles for themselves to create an air of legitimacy and expertise to deceive investors into believing they were more experienced, sophisticated, and legitimate than they really were. Novinger and Speers each used the terms “licensed financial consultant,” “licensed consultant,” and “licensed financial strategist” to identify themselves, even though they knew that these titles were not actual, recognized designations or certifications in the financial services industry. They also marketed and promoted Novers as “the largest non-risk investment consulting firm in the Southwest,” however that claim was based on geographic territory – not on the number of clients Novers had or on the amount of assets it managed for clients. The sole basis for this claim is that Novinger and Speers drove up to eight hours to visit and solicit investors.

5. Presumably because the life settlement interests were not registered as securities with the Commission, the two life settlement providers with whom Novinger and Speers had selling agreements required investors to be accredited.⁴ To help investors bolster the putative value of their net worth, Novinger, Speers, and Novers furnished some of their investors with a “Net Worth Calculator,” which improperly inflated investors’ assets by including *anticipated* Social Security, pension, and other similar payments for *240 months (20 years) into the future*. This practice had the effect of giving the false and misleading appearance that the investor had a large enough net worth to be considered accredited and therefore was an appropriate investor for

⁴ Under the Securities Act of 1933, a company that offers and sells its securities must register the securities with the Commission or find an exemption from the registration requirements. For example, Rules 505 and 506 of Regulation D of the Securities Act provide that a company may sell its securities to what are known as “accredited investors.” The term “accredited investor” is defined in Rule 501 of Regulation D and includes, among other things, an individual (i) whose net worth, or joint net worth with his/her spouse, exceeds \$1 million (excluding the value of the individual’s primary residence), or (ii) whose income exceeded \$200,000 in each of the two most recent years, or whose joint income with that person’s spouse exceeded \$300,000 in each of those years, and who has a reasonable expectation of reaching the same income level in the current year.

this unregistered offering. Investors' assets, however, were much lower and, on multiple occasions, investors were not accredited and should not have been permitted to invest in these speculative life settlement investments. For example, one couple's non-homestead assets ballooned from \$263,000 to nearly \$1.5 million – after including 20 years of *anticipated*, future Social Security payments, pension payments, and VA benefits. Hence, though the couple did not qualify as accredited investors based on their *actual* net worth, use of the Net Worth Calculator created the false appearance of accreditation. As a result, this retired couple allocated 1/5 of their *actual* net worth to invest in life settlement interests through Novers. And even if a potential investor was accredited without including these anticipated future payments, the Net Worth Calculator misleadingly gave investors a false and misleading impression of their net worth.

6. Based on these and other misrepresentations, Novinger, Speers, and Novers sold more than \$4.3 million of life settlement interests to 26 investors, at least three of whom were **not** accredited. As a result of these sales, Novinger and Speers obtained commissions totaling nearly \$515,000, which they received directly or through entities they each set up to receive compensation from their sales efforts – ICAN Investment Group, LLC (“ICAN”) and Speers Financial Group, LLC (“Speers Financial”), respectively.

7. By fraudulently offering and selling unregistered life settlement interests, which are securities, Defendants Novinger, Speers, and Novers violated the antifraud and securities registration provisions of the federal securities laws, namely Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

8. By offering and selling life settlement interests, which are securities, without being registered as a broker and/or dealer or associated with a registered broker-dealer, pursuant to Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)], Novinger, Speers, ICAN, and Speers Financial violated the broker-dealer registration provisions of the federal securities laws, namely Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

9. In the interest of protecting the public from any further fraudulent activity and harm, the Commission brings this action against the Defendants seeking: (i) permanent injunctive relief; (ii) disgorgement of Defendants' ill-gotten gains; (iii) accrued prejudgment interest on those ill-gotten gains; and (iv) civil monetary penalties.

JURISDICTION AND VENUE

10. Defendants Novinger, Speers, and Novers offered and sold securities – life settlement interests – to investors. The life settlement interests are investment contracts, which are securities as defined by Section 2(a)(1) of the Securities Act [15 U.S.C. §77b] and Section 3(a)(10) of the Exchange Act [15 U.S.C. §78c]. As such, the Court has jurisdiction over this action pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78(aa)].

11. Venue is proper because a substantial part of the events or omissions giving rise to the claims occurred within the Northern District of Texas, Fort Worth Division. Novinger and Speers are residents of Mansfield, Texas. Novers maintains its principal place of business in Mansfield, Texas. Novinger and Speers are the registered director and manager, respectively, of ICAN and Speers Financial. All of these locations are within the Fort Worth Division of the Northern District of Texas.

DEFENDANTS

12. **Christopher A. Novinger**, age 38, resides in Mansfield, Texas. Novinger maintains a license with the Texas Department of Insurance, but he has never been associated with a registered broker-dealer or investment adviser. Novinger is a principal and managing member of Defendant Novers and the director of Defendant ICAN. Another company owned, managed, and directed by Novinger (and Speers) – Equal Access Health, Inc. (“EAH”) – was sanctioned by the Texas Attorney General, the FCC, and the State of California for its participation in a fraudulent scheme to mass-market allegedly discounted health plans.

13. **Brady J. Speers**, age 45, resides in Mansfield, Texas. Speers maintains a license with the Texas Department of Insurance, but he has never been associated with a registered broker-dealer or investment adviser. Speers is a principal and managing member of Defendant Novers and the manager of Defendant Speers Financial. Speers was also an owner, manager, and director of EAH.

14. **NFS Group, LLC d/b/a Novers Financial a/k/a Safe Retirement Experts (“Novers”)**, a Texas limited liability company formed in November 2012, maintains its principal place of business in Mansfield, Texas. Prior to filing a certificate of formation for NFS Group, LLC with the Texas Secretary of State in November 2012, Novinger and Speers jointly conducted business under the name Novers Financial, which was not a registered legal entity. After forming NFS Group, LLC, Novinger and Speers continued to conduct business as Novers Financial, which became a “d/b/a” for NFS Group, LLC. In approximately April 2014, Novinger and Speers began operating NFS Group, LLC under the assumed name of Safe Retirement Experts. Neither Novers nor its securities is registered with the Commission, and Novers has not

registered any offering of securities with the Commission. Defendants Novinger and Speers are Novers' principals and managing members.

15. **ICAN Investment Group, LLC (“ICAN”)**, a Texas limited liability company formed in October 2013, maintains its principal place of business in Mansfield, Texas. Defendant Novinger, ICAN's director, formed ICAN to receive commissions on his sales of life settlement interests to investors. Neither ICAN nor its securities is registered with the Commission, and ICAN has not registered any offering of securities with the Commission.

16. **Speers Financial Group, LLC (“Speers Financial”)**, a Nevada limited liability company formed in October 2013, maintains its principal place of business in Mansfield, Texas. Defendant Speers formed Speers Financial to receive commissions on his sales of life settlement interests to investors. Neither Speers Financial nor its securities is registered with the Commission, and Speers Financial has not registered any offering of securities with the Commission. Speers serves as the manager of Speers Financial.

RELATED ENTITIES

17. **Conestoga International, LLC (“Conestoga”)**, a Puerto Rico limited liability company with a principal place of business in San Juan, Puerto Rico, is an issuer/seller of fractional interests in the future benefits payable under life insurance policies when the insureds underlying the policies die (a/k/a life settlement interests). Neither Conestoga nor the life settlement interests it offers and sells is registered with the Commission. Similarly, Conestoga has not registered an offering of securities with the Commission, but it has filed a Form D (and amendments thereto), claiming an exemption from registration under Rule 506 of Regulation D

of the Securities Act for its offering of life settlement interests.⁵ Defendants Novinger, Speers, and Novers offered and sold Conestoga's life settlement interests from February 2012 to January 2014.

18. **EDU Financial Strategies, LLC (“EDU”)**, an Indiana limited liability company with a principal place of business in Indianapolis, is an issuer/seller of life settlement interests. Neither EDU nor the life settlement interests it offers and sells are registered with the Commission. Likewise, EDU has not registered an offering of securities with the Commission, nor did it file a Form D with the Commission until July 2014 – after EDU terminated its sales agent agreements with Defendants Novinger and Speers. EDU's earlier private placement memoranda (“PPM”), seeking to raise \$25 million, claimed an exemption from registration under Rule 506. Novinger, Speers, and Novers offered and sold EDU's life settlement interests from February 2013 to August 2013.

STATEMENT OF FACTS

19. Defendants Novinger and Speers began working together in the late 1990s, selling all manner of goods, services, and investment interests, including ties, grandfather clocks, allegedly discounted health plans, annuities, and life settlement interests as third-party marketers.

Novinger and Speers are introduced to life settlements and begin selling for Conestoga.

20. In early 2012, Novinger and Speers were first introduced to an investment known as life settlements – fractionalized interests in the benefits payable under life insurance policies upon the death of the underlying insured⁶ – by a senior field adviser for Conestoga.

⁵ As of November 2013, the face value of Conestoga's offering of life settlement interests was more than \$100 million. As of March 23, 2015, the face value of the offering was more than \$161 million, of which more than \$140 million had already been sold and more than \$21 million remained to be sold.

⁶ An owner of a fractional interest in a life insurance policy has the right to collect the benefits (equal to the percent – or fraction – he/she owns in a particular life insurance policy) that are payable to the owner of the life insurance policy when the insured underlying the policy dies.

21. In February 2012, Novinger and Speers each entered into independent contractor agreements with Conestoga to offer and sell its life settlement investments to investors in return for a 10% commission on those sales. Thereafter, Novinger and Speers, jointly doing business as Novers Financial, began offering Conestoga's life settlement interests to investors.

22. In August 2012, a Conestoga senior field adviser told Novinger and Speers the "crazy good news" that the JOBS Act⁷ allowed solicitation to the general public, that sales agents could have approved advertisements, and that Conestoga would reimburse sales agents dollar-for-dollar for any approved advertising. However, Conestoga's senior field adviser later informed Novinger and Speers that they would not be allowed to advertise until *after* rules were adopted under the JOBS Act.

23. In November 2012, Novinger and Speers filed a Certificate of Formation with the Texas Secretary of State to legally form NFS Group, LLC, and continued to conduct business as Novers Financial.

Novinger and Speers begin selling EDU life settlement interests.

24. In February 2013, Novinger and Speers each executed agent appointment agreements with EDU – another company offering and selling life settlement interests – and began offering and selling EDU's life settlement interests to investors. EDU paid Novinger and Speers a 13% commission on their sales of EDU's life settlement interests to investors.

Life settlement interests offered and sold by Conestoga and EDU are securities.

25. The life settlement investments of Conestoga and EDU, which were offered and sold to investors by Defendants Novinger, Speers, and Novers, are investment contracts within

⁷ Signed into law on April 5, 2012, the Jumpstart Our Business Startups ("JOBS") Act directed the Commission to revise Rule 506 of Regulation D of the Securities Act within 90 days to permit general solicitation of investors, provided that *all* purchasers are accredited investors and the issuer has taken reasonable steps to verify their accredited status.

the meaning of the federal securities laws. When purchasing a life settlement interest, investors contract to invest money in a common enterprise with the expectation that they will derive profits solely from the entrepreneurial and managerial efforts of others. In other words, investor funds are pooled in a common enterprise (the total number of fractional interests that comprise 100% interest in the benefits payable under a single life insurance policy) and the investment is wholly passive. Investors hope to profit solely through – and their fortunes in this investment opportunity are inextricably linked to – the efforts and purported expertise of others. Investors are not expected to, and in fact have no means to, actively participate in the enterprise to obtain investment returns, rather any profits or losses they obtain are dependent upon the success or failure of others.

26. In connection with each life insurance policy they fractionalize for sale as life settlement interests, Conestoga and EDU (the “Issuers”) – and third parties with whom they may contract to perform services on their behalf – undertake and perform a variety of entrepreneurial and managerial efforts that are critical to the success or failure of the investment, i.e., whether investors derive profits or incur losses from their investments in life settlement interests. These efforts include:

- a. identifying and evaluating life insurance policies presented to them for purchase;
- b. providing exclusive policy providers with parameters for life insurance policies that they are interested in purchasing, including, among other things, the age of the insureds, the length of the life expectancy estimates (“LEs”), preferred or disfavored LE providers, types of policy (for example, no stranger-originated life insurance (“STOLI”) policies), and preferred insurance companies;
- c. reviewing and analyzing the LEs of the insured on whose life the policy is issued;⁸

⁸ The LEs are typically provided to the Issuers when the policy is presented to them for purchase.

- d. negotiating the purchase price of the life insurance policy;
- e. purchasing the life insurance policy;
- f. dividing the benefits payable under the life insurance policy upon the death of the insured into fractional interests;
- g. calculating and establishing the price to charge investors for each fractional interest in the policy;
- h. soliciting and contracting with independent contractors to market, offer, and sell the fractional interests in the policy to investors in exchange for commissions ranging from 10% to 13%;
- i. creating disclosure and offering materials to use in offering and selling life settlement interests to retail investors;
- j. offering and selling fractional interests in the policy to investors through a network of sales agents;
- k. paying the necessary premium amounts for unsold portions of the policy until all fractional interests in the policy are sold to keep the policy in effect – and avoid lapsing – while the Issuers and their sales agents solicit investors to purchase the remaining, outstanding fractional interests in the policy;⁹
- l. engaging an independent third party to act as an escrow agent for investors in their life settlement interests;
- m. creating accounts with the escrow agent to ensure premiums on the policy are paid on time when they come due so that the policy does not lapse;
- n. directing the escrow agent how to allocate investor funds received from retail investors to purchase life settlement interests;
- o. directing the escrow agent how to disburse fees and commissions, and how and when to make periodic premium payments to the insurance company;
- p. organizing, coordinating, and overseeing the escrow agent to ensure that investor funds are being allocated accurately, appropriately, and timely, and

⁹ It may take the Issuers a matter of months or a few years to sell all fractional interests in a policy. In fact, it took Conestoga three years to sell all fractional interests in one of the policies it offered. In another instance, a policy matured before Conestoga sold all fractional interests, and Conestoga became the interest owner of the unsold portion of the policy. Additionally, the entity from whom EDU purchases life insurance policies *may* continue to pay premiums on the unsold, outstanding portions of the policies until all fractional interests have been sold, but EDU must monitor to ensure these premium payments are being made and that current fractional investors are not at risk of losing their interests due to unpaid premiums.

that premium payments are being made as they come due (including directing the escrow agent to the proper accounts in which the funds to be used for premium payments are located);

- q. tracking when premium payments are due on each and every policy in which they have sold fractional interests, or contracting with a third party to perform this function;
- r. tracking the fractional interest percentages of each interest owner to know how much each interest owner owes when the premium comes due;
- s. maintaining contact with each fractional interest owner to keep updated records as each investor moves, dies, transfers his/her interest to other individuals, or abandons his/her interest – so the Issuers ensure that the entirety of a policy’s premiums are being timely paid and the policy is not at risk of lapsing;
- t. re-selling fractional interests¹⁰ when investors abandon their interests or choose to no longer pay their portion of premiums (beyond those already escrowed) when they come due;¹¹
- u. tracking the insured to determine when he/she dies and the policy matures, or contracting with a third party to do so;
- v. reallocating premium funds that are left over if an insured dies before all of the escrowed premiums have been depleted;
- w. obtaining the necessary documentation for the insurance company once the insured has died, including a death certificate;
- x. making a timely demand upon the insurance company for payment of death benefits under the policy after the insured dies;
- y. taking measures to enforce the rights of fractional interest owners if an insurance company (or competing claimants) challenge the validity of a policy or the distribution of insurance benefits under the policy when an insured dies;¹²

¹⁰ EDU represents that it will facilitate a secondary market for life settlement interests it has sold to fractional interest owners.

¹¹ Should an investor of an EDU life settlement interest decide he or she no longer wishes to own the investment or decides it no longer wants to pay the necessary premiums to keep the underlying policy in force, EDU represents that it may repay an investor’s original principal investment amount if EDU is able to identify and locate an investor to purchase that interest.

¹² In fact, Conestoga has taken numerous steps to pursue its claims and those of investors in its life settlements, including protracted litigation with the insurance company to pay the claim.

- z. coordinating and organizing to ensure proceeds from a matured insurance policy are accurately disbursed to the interest owners based on each investor's fractional interest; and
- aa. conducting other post-sale efforts to ensure that premiums are paid, the policy does not lapse, investors collect their portion of the insurance proceeds when the insured dies, and left-over premiums, if any, are returned to investors or credited to other policies in which they own interests.

27. These efforts that the Issuers perform – before investors purchase life settlement interests from them and afterwards – are vital to the sale of *all* fractional interests in *each* policy and are critical to the success or failure of the investments. From the start, an investor must rely on the Issuers to sell 100% of the fractionalized life settlement interests in the life insurance policy in which he or she has invested just to ensure that the policy can be maintained going forward, i.e., premiums and other obligations can be satisfied so that a policy will not lapse and death benefits will be available and payable upon the insured's death (whenever that may be). Indeed, if the Issuers do not successfully perform *any* of these efforts, investors are directly at risk of losing their entire investment principal – before even contemplating or worrying about prospective returns on that investment.

Novinger, Speers, and Novers begin a general solicitation campaign.

28. In May 2013, while selling EDU's life settlements, Novers began a general solicitation campaign by mass-mailing letters prepared and approved by Novinger and Speers that falsely described the life settlement interests they offered as guaranteed, safe as a CD, and federally-insured with an annual return of 7% to 9%.

29. In August 2013, EDU began requiring its sales agents to be licensed securities professionals, so it terminated its agreements with Novinger and Speers.

30. Novinger and Speers then resumed selling Conestoga's life settlement interests, and continued their general solicitations of prospective investors.

31. Between May 31, 2013 and January 5, 2014, Novers sent five virtually identical letters to nearly 23,000 residents of Dallas, Fort Worth, and the surrounding areas. Based on these mass mailings, Novinger, Speers, and Novers sold Conestoga's life settlement interests to investors.

32. In early January 2014, Conestoga terminated its independent contractor agreements with Novinger and Speers, because they were sending solicitation letters to prospective investors that had not been approved by Conestoga.

Novinger, Speers, and Novers misled investors into artificially inflating their net worth and sold life settlement interests to non-accredited investors.

33. During the relevant period that Novinger, Speers, and Novers offered and sold life settlement interests, Conestoga and EDU purportedly required investors to be – and allowed them to self-verify that they were – accredited.

34. However, Novinger, Speers, and Novers sold life settlement interests of Conestoga and EDU to several non-accredited investors.

35. Novinger, Speers, and Novers provided at least several of their clients with a Net Worth Calculator to compute their net worth and determine whether they were accredited investors. However, the Net Worth Calculator provided by Novinger, Speers, and Novers improperly inflated investors' assets by including estimated Social Security benefits, pension payments, and other similar payments – *for 240 months (20 years) into the future*.

36. As a result, Novinger, Speers, and Novinger sold life settlement interests to at least three investors who were **not** accredited. Two of these investors purchased their life

settlement interests *after* September 23, 2013¹³ and became accredited *solely* as a result of the bogus inflation of their assets using *anticipated* future income for the following 240 months. As a result, the Rule 506(c) exemption is not available to Novinger, Speers, and Novers. The third investor, who was not accredited even after using the Net Worth Calculator, purchased \$50,000 of EDU's life settlement interests from Novinger in April 2013.

37. For example, one couple used the Net Worth Calculator provided by Novers and saw its non-homestead assets balloon from \$263,000 to nearly \$1.5 million, which included 20 years of Social Security benefits, pension payments, and VA-related benefits that the couple anticipated receiving for the next 20 years. Hence, though the couple's actual net worth did not qualify the couple as accredited, the Net Worth Calculator misled the investors by falsely creating the appearance of accreditation and by enabling the couple to self-verify that it was accredited. As a result, this retired couple invested nearly 1/5 of their *actual* net worth (\$50,000) in Conestoga's life settlement interests, through Speers, in December 2013.

Novinger, Speers, and Novers misrepresented life settlement investments to investors.

38. Conestoga's senior field adviser provided Novinger and Speers with Conestoga's offering materials, sales and marketing materials, and training materials. In turn, Novinger, Speers, and Novers used these materials to create their own brochures to market, promote, offer, and sell Conestoga's life settlement interests to investors.

39. Novinger, Speers, and Novers sent marketing materials, and made statements, to investors that that they knew, or were extremely reckless in not knowing, were false, because they directly contradicted what they had read in the risk disclosures of Conestoga's offering documents. For example, despite reading in Conestoga's Private Placement Memorandum

¹³ Rule 506(c) of Regulation D of the Securities Act became effective on September 23, 2013, allowing general solicitations and advertising of offerings if, and only if, *all* sales are made to accredited investors.

(“PPM”) that Conestoga’s life settlement interests were illiquid and not guaranteed, Novinger, Speers, and Novers described them as “insured/bonded” and as “safe as CDs.”

40. Speers and Novers also knowingly disregarded material, negative information about Conestoga and its principals that: (i) undermined the safety and security of life settlement investments issued by Conestoga, (ii) cast serious doubt on the credibility of Conestoga and its principals, and (iii) conflicted with representations in Novers’ marketing materials and communications that life settlements were “safe as CDs” and insured.

41. Within a day of signing his sales agent agreement with Conestoga in February 2012, Speers asked Conestoga’s senior field adviser – an independent contractor of Conestoga just like Speers and Novinger – about a November 2010 internet posting that described a court order obtained by the Texas State Securities Board (“TSSB”) compelling Conestoga to produce certain books and records. The internet posting revealed that the State of Texas was investigating Conestoga and that Conestoga’s sole manager had been involved with a “similar life settlements investment company that has been shut down . . . for alleged securities fraud.”

42. Conestoga’s senior field adviser deflected Speers’ inquiry by claiming that life settlement interests are not securities, and Speers made no further inquiry, ignoring statements that Conestoga’s manager had been involved with a company accused of securities fraud.

**Novinger, Speers, and Novers misrepresented
life settlement interests as safe and guaranteed.**

43. The offering materials of Conestoga and EDU both describe various risks associated with investments in life settlements. For example, the offering materials disclose that:

- a. there is “no annual rate of return;”
- b. there are no guarantees of any potential rate of return;
- c. the investment is not liquid;

- d. there is uncertainty regarding an insured's life expectancy;
- e. policies could lapse if premiums go unpaid; and
- f. "THIS IS A HIGHLY SPECULATIVE INVESTMENT. IT IS DESIGNED FOR SOPHISTICATED INVESTORS WHO ARE ABLE TO BEAR THE ECONOMIC RISK OF THE LOSS OF THEIR INVESTMENT IN THE LIFE SETTLEMENT INTEREST AND IS NOT INTENDED AS A COMPLETE INVESTMENT PROGRAM." (emphasis in original)

44. Despite their admitted review of the offering documents, Novinger and Speers routinely represented life settlement interests to be safe investments with extraordinary returns. In fact, Novers's solicitation letters, which were reviewed and approved by Novinger and Speers, included the following phrases to describe investments in life settlement interests:

- a. "Risk Free, Non-market investment [that] earns 7-9% guaranteed;"
- b. "Exclusive, safe investment strategy;"
- c. "You cannot lose a dollar;" and
- d. "Not only will this asset class earn 7-9% annually without risk . . . but it is a short-term investment (4-6 years) that is safe as CDs and federally insured."

These representations were false.

45. Novinger and Speers also made similar false and misleading statements and omissions about the safety of life settlement investments in one-on-one communications with investors.

46. In an October 2, 2013 email, Speers told a prospective investor in Conestoga's life settlement interests that they are "safe, guaranteed investments with annualized return average of 7-11%" and that "policies are insured with large, A-rated companies and backed by Federal Reserves."

47. Similarly, in a July 9, 2013 email to an investor who subsequently purchased nearly \$450,000 of EDU's life settlement interests, Speers wrote that life settlements are "by far the most secure, safe method for growing funds."

48. For his part, Novinger represented in an April 4, 2013 email to an investor who subsequently purchased life settlement interests of Conestoga and EDU that life settlement interests are as "safe as CD's (sic) [yielding] annual returns of 10-14%."

Novinger, Speers, and Novers misrepresented their financial expertise.

49. During the relevant period, Novinger, Speers, and Novers also falsely portrayed themselves as experienced financial professionals with a specialized expertise in life settlements to create a façade that they were more knowledgeable, experienced, and successful than they really were. In fact, Novinger and Speers have little to no training in securities and non-insurance related financial products, including life settlement interests.

50. Further, Novinger and Speers fabricated personal titles or designations to create an air of legitimacy for themselves and their firm to deceive investors into believing they were more experienced, sophisticated, and qualified than they really were. Novers's website and correspondence identified Novinger and Speers as "licensed financial consultants."¹⁴ Speers also used the titles "licensed consultant" and "licensed financial strategist" in emails to investors. Even though they knew these phony titles were not recognized designations in the financial services industry – and were thus literally meaningless – Novinger and Speers rationalized that they were licensed as insurance agents and they purported to provide financial strategies and financial consultation. In fact, Novinger and Speers continued to use these or similarly misleading designations even after the Oklahoma Department of Securities specifically cited

¹⁴ Novers's website no longer claims Novinger and Speers are licensed financial consultants; instead, it promotes them as "The Low Risk, Safe Money Guys."

them for omitting material information in connection with their use of these purported designations in September 2013.¹⁵

51. Novers also boasted in mass-mailing solicitation letters to prospective investors, in marketing literature, and in other communications with investors that it was “the largest *non-risk investment* consulting firm in the Southwest.” (emphasis added). However, this purported claim was based on geographic territory, rather than the number of actual clients or the amount of assets Novers managed. In fact, the sole basis supporting this claim was that Novinger, Speers, and Novers often drove up to eight hours to solicit investors.

52. Novinger and Speers also falsely portray themselves as the “Low Risk, Safe Money Guys” and as experienced, knowledgeable retirement experts. In reality, they sold securities that were neither low-risk nor safe. Novinger and Speers are third-party marketers with little or no training in securities and other financial products. As a result of these deliberate misrepresentations, Novinger, Speers, and Novers furthered the façade they created to mislead investors into believing the life settlement interests that they marketed and sold were risk-free, safe, and guaranteed.

Novinger, Speers, and Novers failed to disclose their regulatory histories.

53. On Novers’s website and in emails to investors, Novinger and Speers frequently touted their purported experience, integrity, and character – without also disclosing their history of regulatory non-compliance and violations.

¹⁵ The Oklahoma Department of Securities (“ODS”) stated that “[I]censed investment consultant” and “[I]censed financial strategist” are not profession-wide certifications, qualifications or designations.” The ODS also noted that Novinger and Speers represented themselves to Oklahoma investors as members of the Financial Planning Association (“FPA”) and the National Association of Insurance and Financial Advisors (“NAIFA”), however: (i) Novinger has never been a member of the FPA and his membership in NAIFA lapsed in 2010, and (ii) Speers has never been a member of NAIFA.

54. For example, Speers wrote in a May 13, 2013 email to a couple that expressed interest in investing in life settlements that, “I would never risk my entire career, licensing and reputation on any investment vehicle or investment firm that wasn’t highly accredited and properly structured legally.” Speers’ actual conduct, however, belied this statement, because he purposely ignored blatant red flags he learned about: (i) the TSSB’s court order compelling Conestoga to produce books and records, (ii) the TSSB’s investigation into Conestoga, and (iii) the fact that Conestoga’s manager had been involved with a “similar life settlements investment company that ha[d] been shut down . . . for alleged securities fraud.” Despite his actual knowledge of these troubling facts about Conestoga, Speers ignored them and sold almost \$1.5 million of Conestoga life settlement interests to investors, earning commissions of nearly \$160,000 on those sales.

55. In September 2013, the Oklahoma Department of Securities issued a cease-and-desist order against Novinger, Speers, and Novers for their fraudulent offer of unregistered life settlement interests in Oklahoma. However, Novinger, Speers, and Novers failed to disclose to prospective investors – including four investors who purchased life settlement interests *after* the September 2013 cease-and-desist order – that they had been ordered to cease-and-desist from conducting a fraudulent offer and sale of unregistered life settlement interests in Oklahoma.

56. Additionally, Novinger, Speers, and Novers failed, throughout 2012 and 2013, to disclose to investors that Equal Access Health, Inc. (“EAH”), a company owned, managed, and directed by Novinger and Speers, was charged by the Texas Attorney General, the FCC, and the California Department of Managed Health Care in connection with EAH’s mass marketing of allegedly discounted health plans.

57. In February 2005, the FCC cited EAH for violating the Communications Act of 1934 and FCC rules governing telephone solicitation and unsolicited advertisements by sending unsolicited, false, and misleading facsimiles relating to discount health plans.

58. In April 2005, the Texas Attorney General charged EAH with participating in a fraudulent scheme to market discount health plans. In December 2008, EAH settled these charges by agreeing to a final judgment that included a permanent injunction and civil penalties.

59. In July 2005, the State of California ordered EAH to cease-and-desist from operating in California without the appropriate license and from sending unsolicited and misleading facsimiles. EAH had sent unsolicited facsimiles which purported to offer discounts from health care providers, some of whom had never even heard of EAH.

60. By omitting and failing to disclose these regulatory issues, Novinger, Speers, and Novers misled investors about their experience, honesty, and financial acumen, depriving investors of material information that would have enabled them to evaluate the veracity and reliability of *all* claims made by Novinger, Speers, and Novers. This is particularly important, because they touted their experience and character to investors.

**Novinger and Speers sold more than \$4.3 million
of life settlement interests to 26 Texas investors.**

61. Between February 2012 and January 2014, Novinger, Speers, and Novers: (i) solicited investors through their website, via letters, and in direct one-on-one contact, (ii) rendered investment advice as to the merits of investing in life settlement interests, and (iii) received commissions ranging from 10% to 13% on their sales of life settlement interests. They

recommended and offered securities in the form of life settlement interests to investors in Texas and Oklahoma.¹⁶

62. Between February 2012 and January 2014, Novinger and Speers solicited investors to purchase life settlement investments of Conestoga and EDU, despite not being registered as a broker-dealer or associated with a registered broker-dealer. As a result of these solicitations, they sold more than \$4.3 million of Conestoga and EDU life settlement interests to 26 Texas investors. More specifically:

- Novinger sold approximately \$1.08 million in life settlement interests to nine investors and received – directly or through ICAN – \$122,367 in commissions; and
- Speers sold approximately \$3.3 million in life settlement interests to 17 investors and received – directly or through Speers Financial – \$392,456 in commissions.

Novinger, Speers, and Novers continue to reach investors.

63. Novinger and Speers host a weekly radio show dubbed the “Retirement Experts Radio Show,” which airs weekly on Dallas-Fort Worth AM radio stations. Novinger and Speers describe their show on the website of one of the radio stations: “We don’t sell. We educate. Our simple 5 step process is transparent, direct and honest and our clients love us for that.” This quote is followed by a link to Novinger’s and Speers’s new website, SafeRetirementExperts.com.

¹⁶ In fact, Novinger solicited a retired Oklahoma resident to invest \$750,000 in life settlement interests. The Oklahoma resident ultimately decided not to invest. The Oklahoma Department of Securities issued its cease-and-desist order against Defendants Novinger, Speers, and Novers in September 2013.

FIRST CLAIM FOR RELIEF

**Violations of the Antifraud Provisions of the Securities Act
Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]**

[against Defendants Christopher A. Novinger, Brady J. Speers, and
NFS Group, LLC d/b/a Novers Financial a/k/a Safe Retirement Experts]

64. The Commission repeats and re-alleges Paragraphs 1 through 63 of this Complaint, as if fully set forth herein.

65. By engaging in the conduct described herein, Defendants Novinger, Speers, and Novers, directly or indirectly, singly or in concert, in the offer or sale of securities, by use of the means or instrumentalities of interstate commerce or of the mails, knowingly or with severe recklessness, employed devices, schemes, or artifices to defraud.

66. By engaging in the foregoing misconduct, Defendants Novinger, Speers, and Novers, directly or indirectly, singly or in concert, in the offer or sale of securities, by use of the means or instrumentalities of interstate commerce or of the mails, and at least negligently: (i) obtained money or property by means of untrue statements of material fact or omitted 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 (ii) engaged in transactions, practices, and/or courses of business which operate as a fraud or deceit upon purchasers, prospective purchasers, and other persons.

67. Defendants Novinger, Speers, and Novers made the above-referenced misrepresentations and omissions knowingly or with severe recklessness. Defendants were also negligent in their actions regarding the representations and omissions alleged herein.

68. By engaging in this conduct, Defendants Novinger, Speers, and Novers violated, and unless enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF

**Violations of Antifraud Provisions of the Exchange Act
Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5]**

[against Defendants Christopher A. Novinger, Brady J. Speers, and
NFS Group, LLC d/b/a Novers Financial a/k/a Safe Retirement Experts]

69. The Commission repeats and re-alleges Paragraphs 1 through 68 of this Complaint, as if fully set forth herein.

70. By engaging in the foregoing misconduct, Defendants Novinger, Speers, and Novers, in connection with the purchase or sale of securities, by use of means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange, directly or indirectly: (i) employed devices, schemes, or artifices to defraud; (ii) made untrue statements of material facts and omitted 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 (iii) engaged in acts, practices, and courses of business which operate as a fraud or deceit upon persons, including purchasers or sellers of securities.

71. Defendants Novinger, Speers, and Novers made the above-referenced misrepresentations and omissions knowingly or with severe recklessness regarding the truth.

72. By engaging in this conduct, Defendants Novinger, Speers, and Novers violated, and unless enjoined will continue to violate, 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].

THIRD CLAIM FOR RELIEF

**Violations of Broker-Dealer Registration Provisions of the Exchange Act
Section 15(a) [15 U.S.C. § 78o(a)]**

[against Defendants Christopher A. Novinger, Brady J. Speers,
NFS Group, LLC d/b/a Novers Financial a/k/a Safe Retirement Experts,
ICAN Investment Group, LLC, and Speers Financial Group, LLC]

73. The Commission repeats and re-alleges Paragraphs 1 through 72 of this Complaint, as if fully set forth herein.

74. Defendants Novinger, Speers, Novers, ICAN, and Speers Financial, by use of the mails or any means or instrumentalities of interstate commerce, effected transactions in, or induced or attempted to induce the purchase or sale of, securities without being registered with the Commission as a broker or dealer or as an associated person of a registered broker or dealer.

75. By engaging in this conduct, Defendants Novinger, Speers, Novers, ICAN, and Speers Financial violated, and unless enjoined will continue to violate, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

FOURTH CLAIM FOR RELIEF

**Violations of the Securities Registration Provisions of the Securities Act
Sections 5(a) and 5(c) [15 U.S.C. §§ 77e(a) and 77e(c)]**

[against Defendants Christopher A. Novinger, Brady J. Speers, and
NFS Group, LLC d/b/a Novers Financial a/k/a Safe Retirement Experts]

76. The Commission repeats and re-alleges Paragraphs 1 through 75 of this Complaint, as if fully set forth herein

77. By their conduct as alleged above, Defendants Novinger, Speers, and Novers, directly or indirectly, singly and in concert with others, (i) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell, through the use or medium of written contracts, offering documents, or otherwise, securities as to which no

registration statement was in effect; (ii) for the purpose of sale or delivery after sale, carried or caused to be carried through the mails or in interstate commerce, by any means or instruments of transportation, securities as to which no registration statement was in effect; or (iii) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell, through the use or medium of written contracts, offering documents, or otherwise, securities as to which no registration statement had been filed..

78. By engaging in this conduct, Defendants Novinger, Speers, and Novers have violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

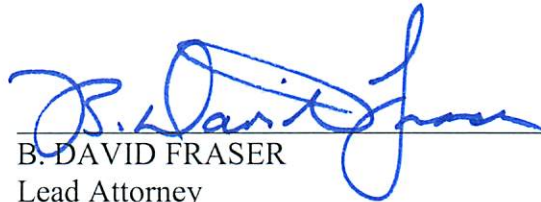
PRAYER FOR RELIEF

For these reasons, the Commission respectfully requests that this Court enter a final judgment:

- a. permanently enjoining Christopher A. Novinger, Brady J. Speers, and NFS Group, LLC d/b/a Novers Financial a/k/a Safe Retirement Experts from violating Sections 5(a), 5(c), and 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder;
- b. permanently enjoining ICAN Investment Group, LLC and Speers Financial Group, LLC from violating Section 15(a) of the Exchange Act;
- c. ordering Christopher A. Novinger, Brady J. Speers, NFS Group, LLC d/b/a Novers Financial a/k/a Safe Retirement Experts, ICAN Investments, LLC, and Speers Financial Group, LLC to disgorge ill-gotten gains and benefits obtained or to which they were not otherwise entitled, as a result of the violations alleged herein, plus prejudgment interest on that amount;
- d. ordering Christopher A. Novinger and Brady J. Speers to pay civil penalties under 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)]; and
- e. granting such additional relief as the Court deems just, appropriate, and equitable.

Respectfully submitted,

DATED: May 11, 2015



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