



the material fact that the clients' account values were actually being rapidly depleted. By mid-2014, two of these clients' accounts had essentially run out of funds.

2. To prevent his clients from detecting his longstanding fraud, Cody continued his scheme by engaging in various deceptive acts aimed at concealing from the clients that their money was gone. These acts included: (1) making wire transfers of monthly deposits to his defrauded clients' bank accounts from sources other than their own retirement accounts so that they would not know their retirement funds had run out; (2) responding to requests from a client for a withdrawal of retirement funds by falsely representing that the client's funds had been invested in an annuity and then sending the client a fraudulent document to create the appearance that a well-known financial firm held an annuity for that client; and (3) sending clients fabricated tax forms which purported to show retirement account distributions and tax withholding in order to disguise the fact that the clients' accounts were essentially empty. As recently as March 2016, Cody lied to a third client by telling a husband and wife that they had \$1.28 million remaining in their investment accounts when, in fact, their retirement accounts held only approximately \$162,560.

3. Cody's deceptions caused these clients to believe that their retirement savings were secure when, in fact, they were not. The sheer duration of Cody's deception deprived these clients of any opportunity to take measures to decrease or to stop their losses or even to work longer to make up those losses. With their prime working years now well behind them, Cody's deceptive scheme has irreparably damaged their financial security, causing immense anxiety and fear and creating the real possibility that they may suffer further dire consequences.

4. By virtue of Cody's fraudulent conduct, which is detailed further herein, Defendant Cody has engaged and is still engaged in: (i) fraudulent or deceptive conduct upon an

advisory client in violation of Sections 206(1) and 206(2) of the Investment Advisors Act of 1940 (“Advisors Act”); and (ii) fraudulent or deceptive conduct in connection with the purchase or sale of securities, in violation of Section 10(b) of the Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder.

5. To halt Defendant Cody’s ongoing unlawful conduct, maintain the status quo, and preserve any remaining assets for defrauded clients before entry of a final judgment, the Commission seeks a preliminary injunction to: (a) prohibit the Defendant from continuing to violate the Advisers Act and Exchange Act; (b) freeze the Defendant’s and Relief Defendant’s assets; (c) prohibit the Defendant from continuing to exercise investment authority over client accounts; (d) require the Defendant to provide an accounting of client assets; (e) prohibit the Defendant from soliciting, accepting or depositing any monies obtained from actual or prospective investors pending the resolution of this action; (f) restrain the Defendant from destroying, concealing or disposing of property or documents related to the misconduct in the complaint; and (g) authorizing the Commission to commence discovery immediately.

6. The Commission also seeks: (a) a permanent injunction prohibiting the Defendant from further violations of the Advisers Act and the Exchange Act; (b) disgorgement of the Defendant’s ill-gotten gains, plus prejudgment interest; and (c) civil penalties due to the egregious nature of the Defendant’s violations.

### **JURISDICTION**

7. The Commission seeks a permanent injunction and disgorgement pursuant to Section 209(d) of the Advisers Act [15 U.S.C. §80b-9(d)] and Section 21(d)(1) of the Exchange Act [15 U.S.C. §78u(d)(1)]. The Commission seeks the imposition of civil penalties pursuant to

Section 209(e) of the Advisers Act [15 U.S.C. §80b-9(e)] and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)].

8. This Court has jurisdiction over this action pursuant to Sections 209(d), 209(e) and 214(a) of the Advisers Act [15 U.S.C. §§80b-9(d), 80b-9(e), 80b-14(a)] and Sections 21(d)(1), 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(d)(1), 78u(e), 78aa]. Venue is proper in this District because Defendant Cody transacted business in Massachusetts and a number of his clients are located here.

9. In connection with the conduct described in this Complaint, Cody directly or indirectly made use of the mails or the means or instruments of transportation or communication in interstate commerce.

10. Cody's conduct has involved fraud, deceit, or deliberate or reckless disregard of regulatory requirements, and has resulted in substantial loss, or significant risk of substantial loss, to other persons.

### **DEFENDANTS**

11. **Richard G. Cody** ("Cody"), age 42, is a resident of Spring Lake, New Jersey and an investment adviser and former broker representative who has been registered, at various times, with several different registered brokers and investment advisers. In approximately 2009, Cody started conducting his investment adviser and broker business through Boston Investment Partners, LLC.

12. Cody's history of association with various registered broker-dealers and/or investment advisers is as follows: From March 1997 through December 2000, Cody was a registered representative associated with Merrill Lynch, Pierce, Fenner & Smith, Inc. From September 2000 through November 2001, Cody was a registered representative associated with

Salomon Smith Barney, Inc. From December 2001 through May 2005, Cody was a registered representative associated with Leerink Swan & Company, Inc. From May 2005 through March 2010, Cody was a registered representative associated with GunAllen Financial, Inc. From March 2010 through March 2013, Cody was a registered representative associated with Westminster Financial Securities, Inc. and Westminster Financial Advisory Corporation. From March 2014 through August 2016, Cody was a registered representative associated with Concorde Investment Services, LLC and Concorde Asset Management, LLC (collectively, “Concorde”). From August to September 2016, Cody was a registered representative associated with IFS Securities, Inc. (“IFS”). By the fourth quarter of 2015, Cody managed approximately 100 investment adviser accounts with over \$14 million assets under his management. At the end of the fourth quarter of 2015, Cody earned a quarterly investment adviser fee of approximately \$44,913 for managing the investment of these accounts.

13. In January 2008, the Department of Enforcement of the Financial Industry Regulatory Authority (“FINRA”) filed a complaint against Cody alleging, among other things, that he had engaged in unsuitable and excessive trading in his clients’ accounts, and that he had sent his clients a series of written statements that were false or misleading because they substantially overstated the value of his clients’ accounts and/or listed securities or positions that did not exist. After a hearing and subsequent appeal to a FINRA Appeals Panel, FINRA ultimately found that Cody had committed excessive and unsuitable trading and had also provided his clients misleading monthly statements. FINRA imposed a fine and ordered Cody suspended from association with any FINRA member for a period of one year. His fine and one-year suspension were affirmed by the Commission and subsequently by the United States Court

of Appeals for the First Circuit. *See Cody v. Securities and Exchange Commission*, 693 F.3d 251 (1st Cir. 2012).

14. Following the First Circuit decision, the FINRA one-year suspension of Cody went into effect on January 7, 2013 and expired on January 6, 2014.

15. **Boston Investment Partners, LLC** (“BIP”) is a New Jersey limited liability company through which Cody holds himself out as an investment adviser and broker representative. Cody originally formed BIP as a Massachusetts limited liability company in June 2009. At the time of its formation in 2009, BIP and Cody had a principal place of business located at 185 Devonshire Street, Suite 800 in Boston. Sometime in 2012, Cody moved BIP’s office to Spring Lake, New Jersey and formed BIP as a New Jersey limited liability company. On June 30, 2013, the Massachusetts-organized BIP was dissolved by Court order or by the Massachusetts Secretary of State.

#### **RELATED PARTY**

16. **Jill Cody**, age 40, is Richard Cody’s ex-wife and is a former broker representative. Her history of association with various registered broker-dealers and/or investment advisers is as follows: From May 2010 through May 2012, Jill Cody was a registered representative associated with Columbia Management Investment Distributors, Inc. From December 2012 through January 2013, Jill Cody was a registered representative associated with Westminster Financial Securities, Inc. From January 2013 through August 2016, Jill Cody was a registered representative associated with Concorde Investment Services, LLC.

**STATEMENT OF FACTS**

**I. Cody's Deception of Paul and Maureen M., Kenneth E., and Carol and Ray B.**

17. From approximately 2004 through 2016, Cody engaged in a fraudulent scheme to defraud at least three clients by repeatedly misleading them about the remaining size of their retirement assets and their ability to continue to fund their monthly distribution needs.

**A. Maureen and Paul M.**

18. Maureen M. is a retired widow who lives in Massachusetts. For years, Maureen M. has been financially dependent on retirement funds her husband, Paul M., received after retiring from a Verizon telephone business ("Verizon"). Cody has managed these funds for Maureen and Paul M. since Paul M.'s retirement from Verizon in 2001.

19. In 2001, Cody was a registered representative with broker-dealer Salomon Smith Barney, Inc. ("Smith Barney"). In order to generate business, Cody made a presentation to Verizon employees taking early retirement, including Paul M. As a result of Cody's solicitation efforts, Paul M. decided to invest his entire retirement package in Smith Barney individual retirement accounts, through Cody as his broker.

20. In 2001, Paul M. entrusted Cody with his retirement funds of approximately \$377,000, to invest in Smith Barney retirement accounts to be managed by Cody.

21. After Paul M. retired from Verizon, he obtained a job doing similar work at a similar salary for a local hospital. He continued to work at the hospital until his retirement in January 2009.

22. Between 2001 and 2016, Paul and Maureen M. kept their retirement accounts with Cody as he moved from one brokerage firm to another, and as Cody started doing business as Boston Investment Partners. Cody served Maureen and Paul M. as their broker representative

during this entire period. As their broker representative, Cody exercised discretionary authority to execute securities trades in their accounts through February 2014.

23. Each year from 2001 through 2010, Cody spoke with Paul M. a couple of times a year to review Paul and Maureen M.'s retirement accounts. Some of these meetings occurred in Paul and Maureen M.'s home, some occurred over the telephone, and some occurred at restaurants close to Paul and Maureen M.'s home. During these reviews, Cody regularly told Paul M. that the accounts were holding their value and that Paul and Maureen M. were on track for a well-funded retirement. By the end of February 2004, these statements were false and misleading. By that time, Paul and Maureen M.'s retirement accounts had declined approximately thirty three percent (33%) in value – a material fact that would have assumed actual significance in the deliberations of a reasonable retirement account investor. By January 2009, Paul and Maureen M.'s retirement accounts had plummeted to a stated value of approximately \$38,000, or approximately 90% less than their starting value. In light of this material drop in account value, Cody's statements to Paul and Maureen M. that their accounts were holding value and that they were on track for a well-funded retirement were deceptive and misleading.

24. Cody knew or should have known his statements to Paul and Maureen M. were false and materially misleading because, among other things, Cody met with them each year for the purpose of reviewing these accounts and, as their broker representative, he had access to their dwindling account values.

25. Paul and Maureen M. trusted Cody. They became friends with him. Cody attended the weddings of some of their children.

26. In August 2011, Paul M. passed away. Within two weeks, Cody came to Maureen M.'s home and directed Maureen M. to sign forms transferring ownership of Paul M.'s retirement accounts to her. At this meeting, Maureen M. asked Cody how much money was left in the retirement accounts. Cody told her not to worry because there was \$420,000 in these accounts. This statement was materially false and misleading. In August, 2011, Paul and Maureen M.'s retirement accounts held only a small fraction of that amount, approximately \$48,000.

27. Cody knew he was lying to Maureen M. about the value of her retirement account. As the broker representative for Maureen and Paul M., Cody had spoken with them a couple of times a year, each year, for the previous decade to review their accounts. For each of these meetings, Cody had access to their retirement account statements showing the dwindling value of their accounts.

28. After Paul M.'s passing, Maureen M. called Cody a couple of times each year to check on her retirement accounts. During these telephone calls, she specifically asked Cody if her accounts were okay and if her monthly distributions were coming from investment income or from principal. Each year, Cody responded that her retirement accounts were holding their principal value, and that the money she was receiving in regular monthly distributions, and living on, was coming only from income generated by the investments in her retirement accounts. These statements were materially false and misleading. In actuality, unbeknownst to Maureen M., the monthly payments she was receiving were depleting her investment principal, eventually to the point of using up her entire retirement savings. By the end of July 2011, Maureen M.'s retirement accounts held only approximately \$55,000, which was insufficient to generate sufficient income to pay the full amount of Maureen M.'s regular monthly distributions.

29. As the broker representative for Maureen M.'s account, Cody knew or should have known that he was giving her falsely inflated information about her account value and was further misleading her by falsely stating that her retirement distributions were funded by investment income.

30. On various occasions after 2013, Maureen M. asked Cody to sit down with her because she needed to get a complete picture of all of her assets so she could tell her children what she had (in case she passed away). Cody responded that it was a good idea, but never committed to such a meeting.

31. By February 2014, Maureen M.'s accounts had been almost completely depleted and no longer held sufficient funds to pay her monthly distribution of \$2375. That month, Maureen M.'s retirement accounts distributed \$1375 to her, and Cody separately wire transferred \$1000 to Maureen M.'s bank account from a source of money other than her retirement accounts.

32. Unbeknownst to Maureen M., from January 2014 to August 2016, Cody made regular monthly wire transfers to Maureen M.'s bank account in the same approximate amount as her previous retirement account distributions. These payments came from some source of money other than Maureen M.'s retirement accounts and effectively concealed from Maureen M. that her retirement accounts were virtually empty.

33. In April 2016, Maureen M. sought to withdraw \$10,000 from her retirement accounts to loan to her son. She telephoned Cody and asked what she needed to do to accomplish this withdrawal. Cody told Maureen M. that she would need to fill out an account withdrawal form to withdraw \$10,000 from her accounts. Cody sent the form to Maureen M. (via her son's email account), and she filled it out, signed it, and returned it by facsimile to Cody. Cody's explanation of an account withdrawal and sending of the form was a charade. As Cody

well knew, in April 2016, Maureen M.'s retirement accounts at Concorde were essentially empty and Cody was concealing that fact by paying her monthly wire transfers from some source of money other than her retirement accounts in the same amount as her previous retirement account distributions.

34. A few weeks after returning the form Cody had provided, Maureen M. telephoned Cody because she had not received the requested \$10,000. This time, Cody told her that Maureen M.'s money was invested in an annuity. Cody represented to Maureen M. that if she wanted to withdraw money from this annuity, she would need to return the money within 30 days to avoid paying penalties on the annuity withdrawal. He also told Maureen M. that she needed to send in an annuity withdrawal form and sent her a document which purported to serve this purpose (via her son's email account). The document that Cody sent Maureen M. was an annuity withdrawal form for Sun Life Financial ("Sun Life") with a contract number filled-in on the sheet. Maureen M. completed the remainder of the form and faxed it back to Cody. A few weeks later, she received a wire transfer of \$10,000. Within thirty days, Maureen M. wrote a check to Boston Investment Partners to return the \$10,000 to her purported annuity.

35. Cody's story about the Sun Life annuity was all a lie. Maureen M. has never had an annuity contract with Sun Life or any successor to Sun Life's annuity business. The contract number on the form related to another person's account and was unrelated to Maureen M. The \$10,000 payment to Maureen M. came from Cody, who wired the money to her bank account from some source of money other than a Sun Life annuity account and other than her retirement accounts so that Maureen M. would be deceived into believing that Cody had invested her money in a Sun Life annuity. In June 2016, Cody deposited the \$10,000 check he received from

Maureen M. into a Boston Investment Partners bank account, and not into any annuity owned or controlled by Maureen M.

36. Maureen M. typically does her own income tax filing. One of the things she needs each year to do her taxes is a Form 1099 from the custodian that holds her retirement accounts. This is a standard IRS form which is supposed to report the total taxable distributions from retirement accounts as well as the amount of Federal income tax withheld from such distributions.

37. For the tax year 2015, however, Maureen M. did not receive a Form 1099 for her retirement accounts. She telephoned Cody and told him that she had not received her Form 1099 and that she needed it to file her taxes. Shortly thereafter, Cody sent Maureen M. a fabricated Form 1099 that purported to show, among other things, that Maureen M. had taken approximately \$31,000 in taxable distributions from her retirement accounts in 2015. This form was false. As Cody well knew, Maureen M. had not received any distributions from her retirement accounts in 2015. Indeed, these accounts were virtually empty.

38. In September 2016, Maureen M. did not receive her expected monthly payment, which she believed to be distributed from her retirement accounts. With the assistance of a call from Maureen M.'s legal counsel to Cody, a payment arrived a week later. Concerned, Maureen M. researched the source of this payment and learned, for the first time, that this payment and the previous two years of payments were not from her retirement accounts, but rather from Cody. Maureen M. did not receive any monthly payment in October 2016.

**B. Kenneth E.**

39. In April 2002, Kenneth E. accepted a retirement package from Verizon, where he had been an employee for over thirty years. When Kenneth E. was planning his retirement, his friend, Paul M., recommended Cody as a financial advisor.

40. In 2002, Cody was a registered representative with broker-dealer Leerink Swann & Company. (“Leerink”). Cody met with Kenneth E. and provided him with a binder of materials showing how Cody could invest Kenneth E.’s retirement savings. As a result of Cody’s solicitation efforts, Kenneth E. decided to cash out his Verizon pension and invest his entire retirement package of approximately \$498,000 in Leerink individual retirement accounts, through Cody as his broker.

41. Kenneth E. entrusted Cody with his entire retirement package of approximately \$498,000.

42. From 2002 through 2016, Kenneth E. kept his retirement accounts with Cody as Cody moved from one brokerage firm to another, and eventually started doing business as Boston Investment Partners. Cody served Kenneth E. as his broker representative during this entire period. As Kenneth E.’s broker representative, Cody exercised discretionary authority to execute securities trades in Kenneth E.’s accounts through February 2015.

43. Each year, Cody visited Kenneth E.’s home a couple of times a year to do an account review. During these meetings, Cody regularly told Kenneth E. that his investments were holding their value and that he was on track for a well-funded retirement. By the end of 2005, these statements were false and misleading. By that time, Kenneth E.’s retirement accounts had declined approximately forty three percent (43%) in value – a material fact that would have assumed actual significance in the deliberations of a reasonable retirement account

investor. By the end of 2008, Kenneth E.'s retirement accounts had plummeted to a stated value of approximately \$86,000, approximately 82% less than their starting value. In light of this material drop in account value, Cody's statements to Kenneth E. that his accounts were holding value and that he was on track for a well-funded retirement were deceptive and misleading.

44. Cody knew or should have known his statements to Kenneth E. were false and materially misleading because, among other things, Cody met with Kenneth E. each year for the purpose of reviewing his retirement accounts and, as Kenneth E.'s broker representative, Cody had access to the dwindling values of Kenneth E.'s retirement accounts.

45. During these account reviews, Cody also routinely represented that he had structured Kenneth E.'s investments so that Kenneth E. was taking monthly distributions of only investment income generated by his retirement accounts rather than his investment principal. In actuality, unbeknownst to Kenneth E., the monthly payments he was receiving were depleting his investment principal, eventually to the point of using up his entire retirement savings.

46. By at least the end of 2011, as Cody knew or should have known, the principal amount in Kenneth E.'s retirement accounts was insufficient to generate sufficient income to cover his regular monthly distribution amounts and, in fact, had not been able to do so for the previous year.

47. In approximately June 2014, Kenneth E.'s retirement accounts made their last regular monthly distribution to Kenneth E. After June 2014, Kenneth E.'s retirement accounts had insufficient funds to make the regular monthly distributions he had been receiving.

48. After June 2014, Kenneth E. began receiving wire transfer payments of monthly payments to his bank account in the same approximate amount as the previous distributions from his retirement accounts. Cody made these wire transfer payments from some source of money

other than his retirement accounts in order to deceive Kenneth E. so that he would not discover that his retirement accounts were virtually empty. Cody continued to make these payments through September 2016.

49. In the spring of 2016, Cody made a house call to Kenneth E. to discuss, among other things, Kenneth E.'s retirement investments. During the meeting, Kenneth E. asked Cody how much value was left in Kenneth E.'s retirement accounts. Cody responded that Kenneth E. had \$489,000 left in his accounts and showed Kenneth E. a fake account statement which reflected that amount. Cody's verbal representations and the fake account statement were both false. In fact, in March, April and May of 2016, the total value of Kenneth E.'s retirement accounts was never more than approximately \$43. By lying to Kenneth E. about the value of his accounts, Cody deceived Kenneth E. so that he would continue to believe that his money was safe and would not discover that Cody had been lying to him about his account value and investment income for years.

50. After the end of 2015, Cody provided Kenneth E. with a fake Form 1099 for 2015 that purported to report taxable distributions Kenneth E. received from his retirement accounts during the 2015 tax year. This fake Form 1099 reported that Kenneth E. had received over \$30,000 in taxable distributions and had over \$2,700 in income tax withheld. As Cody well knew, these amounts were false.

51. In August 2016, Kenneth E. did not receive his expected regular monthly distribution from his retirement accounts. He called Cody several times to complain. Eventually, two payments came in September 2016. Concerned, Kenneth E. researched these payments and learned that these payments were not from his retirement accounts. Bank records

show that these payments came from Cody. Kenneth E. did not receive any monthly payment in October 2016.

**C. Carol and Ray B.**

52. Carol and Ray B. also retired from Verizon and became clients of Cody.

53. In 2002, Carol B. retired from Verizon. Through friends, she and her husband, Ray, were referred to Cody.

54. After meeting with Cody, Carol and Ray B. decided to entrust Carol's Verizon retirement funds to a brokerage account to be managed by Cody. At the time, Carol B. rolled over approximately \$400,000 in retirement funds to this account.

55. At the end of 2003, Ray B. also elected to cash out his Verizon retirement benefits and entrust them to a brokerage account managed by Cody. In approximately February 2004, Ray B. rolled over approximately \$585,000 in retirement funds to brokerage accounts managed by Cody.

56. Since first rolling their Verizon retirement funds over to Cody's management, Carol and Ray B. have kept their accounts with him as he moved from one brokerage firm to another, and as Cody started doing business as Boston Investment Partners. Cody served Carol and Ray B. as their broker representative during this entire period.

57. Since at least April 30, 2014, when Cody joined Concorde as a registered investment adviser representative, Cody has been Carol and Ray B.'s investment adviser. As their investment adviser, Cody has received an investment adviser fee as a percentage of assets in their accounts from the third quarter of 2014 through the third quarter of 2016.

58. As Carol and Ray B.'s broker representative and/or investment adviser representative, Cody exercised discretionary authority to execute securities trades in their accounts through May 2016.

59. Since first being entrusted with Carol B.'s retirement assets in the early 2000s, Cody has met with Carol and Ray B. once or twice a year to review the performance of their retirement account investments and go over their current account balances. These meetings typically occurred at Carol and Ray B.'s home in Maryland, but sometimes also happened at restaurants or cafés close to Carol and Ray's home. On a few occasions, the meetings happened over the telephone.

60. During account review meetings, Cody typically provided Carol and Ray B. with reports that reflected account balances for their retirement accounts and that purported to show how their investments had performed over the previous year. On the few occasions when the meetings happened over the phone, Cody sent copies of reports to Carol and Ray B. by electronic mail.

61. In March 2015, Cody met with Carol and Ray B. at their home in Maryland for the purpose of reviewing the performance of their retirement accounts and their current balances. During this meeting, Cody told Carol and Ray B. that the total value of their retirement accounts was approximately \$1,256,000 and provided them with account reports purporting to show this value. In reality, Cody was lying to Carol and Ray B. about the size and performance of their retirement investments. By March 1, 2015, through a combination of investment losses and monthly distributions, Carol and Ray B.'s retirement accounts had actually declined in value to \$255,496. The total account value Cody gave them falsely inflated the actual value by approximately \$1,000,000, or three hundred and ninety one percent (391%). The difference between what Carol and Ray B. had in their accounts and the grossly and falsely inflated number Cody told them was a material fact that would have assumed actual significance in the deliberations of a reasonable retirement account investor. As Carol and Ray B.'s investment

adviser and broker representative with full access to their retirement accounts, Cody knew or should have known that he was lying to them about the size and performance of their retirement assets.

62. A year later, in March 2016, Cody met with Carol and Ray B. again for the purpose of reviewing the performance of their retirement accounts and their current balances. This meeting happened at a café in a supermarket near Carol and Ray B.'s home in Maryland. During this meeting, Cody told Carol and Ray B. that the total value of their retirement accounts was approximately \$1,282,000 and gave them account reports purporting to show this value. In reality, Cody was again lying to Carol and Ray B. about the size and performance of their retirement investments. By March 2016, through a combination of investment losses and monthly distributions, Carol and Ray B.'s retirement accounts had declined in value to \$165,253. The total account value Cody gave to Carol and Ray B. falsely inflated the actual value of those accounts by approximately \$1,116,747, or six hundred seventy five percent (675%). The difference between what Carol and Ray B. had in their accounts and the grossly and falsely inflated number Cody told them was a material fact that would have assumed actual significance in the deliberations of a reasonable retirement account investor. As Carol and Ray B.'s investment adviser and broker representative with full access to their retirement accounts, Cody knew or should have known that he was lying to them about the size and performance of their retirement assets.

## **II. Cody's Violation of FINRA Suspension and Termination from Concorde**

63. During the period of Cody's FINRA suspension from January 7, 2013 to January 6, 2014, Cody arranged with his then-wife, Jill Cody to conduct his brokerage and investment adviser business through her access as a broker associated with Concorde.

64. After Jill Cody joined Concorde in January 2013, Cody arranged for her to maintain his clients.

65. During the period of his FINRA suspension, Cody used personal email accounts with Yahoo! and Blackberry to communicate with his clients about their securities accounts. Through his personal email, Cody provided his clients with market updates, investment advice, recommendations and account service and maintenance, which could be implemented through Jill Cody's association with Concorde.

66. Cody orchestrated this arrangement to indirectly provide brokerage services during the period of his suspension from the securities industry in order to, among other things, prevent his clients from learning that he had been disciplined and to avoid any break in his dealings with his clients – which would have revealed his massive deceptions about the value of their retirement accounts.

67. Following the end of his FINRA suspension, Cody joined Concorde in April 2014 as a registered representative of Concorde's broker entity and investment adviser entity. After associating with Concorde, Cody then assumed direct responsibility for clients that he had served during the period of his FINRA suspension (when they were nominally Jill Cody's clients). These clients included investment adviser clients, from whose accounts Cody began receiving compensation for his provision of investment advisory services.

68. In or about July 2016, Concorde became aware of Cody's impermissible securities business communications and activities during the period of his FINRA suspension in 2013.

69. After an internal investigation, Concorde terminated Cody's and Jill Cody's registration with the firm on July 29, 2016.

**III. Cody's Fraudulent Transfer of Accounts from Concorde to IFS**

70. Within weeks of his termination from Concorde, on August 16, 2016, Cody became a registered representative of IFS. He was associated with IFS for approximately four weeks.

71. After associating with IFS, Cody used a fraudulent means to effect the transfer of accounts for a significant number of clients, including investment adviser clients, from Concorde to IFS, with forged or fake client signatures on the necessary account transfer forms.

72. During the four weeks of Cody's association with IFS, the firm became aware of an incident involving an apparent forgery in one of Cody's client accounts. Thereafter, IFS began inquiries as to whether Cody's clients had actually signed the forms authorizing their recent transfer of client assets.

73. Upon learning of the forged transfer documentation, IFS terminated Cody's registration with the firm.

**FIRST CLAIM FOR RELIEF**  
**(Violation of Section 10(b) of the Exchange Act and Rule 10b-5)**

74. The Commission repeats and incorporates by reference the allegations in paragraphs 1-73 of the Complaint as if set forth fully herein.

75. Defendant Cody, directly or indirectly, acting intentionally, knowingly or recklessly, by the use of means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: (a) has employed or is employing devices, schemes or artifices to defraud; (b) has made or is making untrue statements of material fact or has omitted or is omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) has engaged or is

engaging in acts, practices or courses of business which operate as a fraud or deceit upon certain persons.

76. As a result, defendant has 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].

**SECOND CLAIM FOR RELIEF**  
**(Violation of Sections 206(1) and 206(2) of the Advisers Act)**

77. The Commission repeats and incorporates by reference the allegations in paragraphs 1-73 of the Complaint as if set forth fully herein.

78. Defendants Cody operated as an investment adviser defined by Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)], and served in that capacity with respect to his clients and investors.

79. As alleged herein, Defendant, while acting as an investment adviser, directly or indirectly, by use of the mails or means and instrumentalities of interstate commerce, knowingly, willfully or recklessly: (a) employed and is employing devices, schemes, or artifices to defraud clients or prospective clients; and (b) engaged and is engaging in transactions, practices, and courses of businesses which operated and operate as a fraud or deceit upon clients or prospective clients.

80. By reason of the foregoing, Defendant violated, and unless enjoined will continue to violate, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§80b-6(1)–(2)].

**THIRD CLAIM FOR RELIEF**  
**(Other Equitable Relief, Including Unjust Enrichment and Constructive Trust,**  
**Against Boston Investment Partners, LLC)**

81. The Commission repeats and incorporates by reference the allegations in paragraphs 1 through 73 above as if set forth fully herein.

82. Section 21(d)(5) of the Exchange Act states, “In any action or proceeding brought or instituted by the Commission under any provision of the securities laws, the Commission may seek, and any Federal court may grant, any equitable relief that may be appropriate or necessary for the benefit of investors.”

83. Relief defendant Boston Investment Partners, LLC has received and possessed ill-gotten investor funds derived from unlawful acts or practices of Richard Cody dictating that, in equity and good conscience, it should not be allowed to retain such funds.

84. Boston Investment Partners, LLC has no legitimate claim to this property.

85. As a result, Boston Investment Partners, LLC is liable for unjust enrichment and should be required to return its ill-gotten gains, in an amount to be determined by the Court. The Court should also impose a constructive trust on the ill-gotten investor funds in the possession of Boston Investment Partners, LLC.

#### **PRAYER FOR RELIEF**

WHEREFORE, the Commission requests that this Court:

A. Enter a temporary restraining order and preliminary injunction to: (a) prohibit the Cody from continuing to violate the Advisers Act and Exchange Act; (b) freeze Cody’s and BIP’s assets; (c) prohibit Cody from continuing to exercise investment authority over client accounts; (d) require Cody to provide an accounting of client assets; (e) prohibit Cody from soliciting, accepting or depositing any monies obtained from actual or prospective investors pending the resolution of this action; (f) restrain Cody from destroying, concealing or disposing of property or documents related to the misconduct in the complaint; and (g) authorizing the Commission to commence discovery immediately;

B. Enter a permanent injunction restraining defendant Cody, as well as his agents, servants, employees, attorneys, and other persons in active concert or participation with him, from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:

1. 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
2. Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§80b-6(1)–(2)];

C. Require defendant Cody to disgorge his ill-gotten gains, plus prejudgment interest;

D. Require Relief Defendant Boston Investment Partners, LLC to disgorge all unjust enrichment and/or ill-gotten gains;

E. Order defendant Cody to pay an appropriate civil penalty pursuant to Section 209(e)(1) of the Advisers Act [15 U.S.C. § 80b-9(e)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)];

F. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

G. Award such other and further relief as the Court deems just and proper.

### **DEMAND FOR JURY TRIAL**

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands a jury trial in this action of all issues so triable under the claims in this Complaint.

Respectfully submitted,

/s/R.M. Harper II

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