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**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

SCOTT NEWSHOLME,

Defendant.

17 Civ. ()

**COMPLAINT AND
DEMAND FOR
JURY TRIAL**

Plaintiff Securities and Exchange Commission (“Commission”), whose New York Regional Office is located at Brookfield Place, 200 Vesey Street, New York, NY, 10281-1022, brings this action against Defendant Scott Newsholme (“Newsholme”), whose last known residence is 485 Colts Neck Road, Farmingdale, New Jersey, 07727, and alleges as follows:

SUMMARY OF ALLEGATIONS

1. The Commission charges securities fraud against Newsholme, a tax preparer and investment adviser, who, since at least 2013, has misappropriated more than \$1 million from his investment clients to support his lifestyle and gambling habit.

2. To conceal the scheme, Newsholme made various misrepresentations to his clients, including falsely reassuring them that their investments – including retirement accounts – were faring well. To support his verbal misrepresentations, Newsholme fabricated account statements, doctored stock certificates, and forged phony promissory notes purporting to be bonds and other debt instruments.

3. In fact, Newsholme diverted his clients' investment funds for his own use, including cashing their investment checks at a check cashing store and pocketing the money. Occasionally, he returned some money to his clients from his personal bank account when they requested funds for their living expenses, thereby reassuring them that their money was safe and furthering his scheme to defraud.

VIOLATIONS

4. By virtue of the conduct alleged herein, Newsholme, directly or indirectly, singly or in concert, has engaged and is engaging in acts, practices and courses of business that constitute violations of:

- a. Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)];
- b. Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; and
- c. Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

5. Unless Newsholme is permanently enjoined, he will continue and again engage in the acts, practices, and courses of business set forth in this Complaint, as well as acts, practices and courses of business similar in type and scope.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

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

7. The Commission also seeks a Final Judgment ordering Newsholme to disgorge his ill-gotten gains and to pay prejudgment interest thereon, and ordering Defendant Newsholme to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

JURISDICTION AND VENUE

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

9. Venue lies in this District pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14]. Newsholme, directly and indirectly, has made use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the transactions, acts, practices and courses of business alleged herein. A substantial part of the events giving rise to the Commission's claims occurred in the District of New Jersey, such as:

(1) Newsholme maintained a business office in this District; (2) Newsholme received and solicited client funds in this District; and (3) Newsholme is a resident of the District.

THE DEFENDANT

10. **Newsholme**, age 42, resides in Farmingdale, New Jersey. Newsholme is a tax preparer, accountant, unregistered investment adviser, and the proprietor of MVP Financial LLC in Howell, New Jersey, a tax, accounting and financial planning firm. Between 2002 and 2010 he was president of two predecessor tax, accounting and financial planning firms in Matawan, New Jersey (Newley Financial Group, Inc. and Newsholme Financial Center LLC), both of which, like MVP Financial LLC, offered tax preparation and financial planning, including investment advice and estate and elder care planning. Between 1998 and 2014, Newsholme was a registered representative for two registered broker-dealers, but in 2014 the Financial Industry Regulatory Authority (“FINRA”) barred him from association with its member firms for failure to respond to its requests for information. He held Series 6, 7 and 63 securities licenses, but is not currently associated with any broker-dealer. In 2015, Newsholme consented to an order of the New Jersey Bureau of Securities finding, among other things, that he made untrue statements of material facts relating to securities, and engaged in dishonest or unethical business practices in the securities industry.

FACTS

A. Background and Overview of Newsholme’s Fraud

11. Newsholme’s career began as a registered representative selling securities, while assisting his father and brother in the family tax preparation business. He expanded his tax preparation services into investment advisory services by recommending tax-advantaged products, such as annuities.

Newsholme's Clients and Client Relations

12. Newsholme appears to have met most of his investment clients first as tax preparation clients between 2004 and 2010. As part of his tax preparation services, he recommended tax-advantaged annuities, from which he would be paid commissions by the issuers. Once a tax preparation client became an investment client, Newsholme typically stopped charging a tax preparation fee and was instead compensated by the commissions from the annuities he sold.

13. After 2007, Newsholme began to advise his tax preparation clients to branch out beyond annuities into other instruments, including micro-cap stocks, privately-issued bonds, and movie financing.

14. Newsholme befriended many of these clients, who were largely retirees, civil servants, or otherwise vulnerable, and who were unsophisticated regarding investing and financial products. Many of these investors came to consider Newsholme a trusted friend as well as financial adviser.

Misappropriation of Client Funds

15. Newsholme repaid his clients' trust with betrayal, beginning at least as far back as 2012, when he started misappropriating for his personal use the funds they had entrusted to him for investment purposes. When clients gave him checks for investments, Newsholme cashed them at local check cashing stores and deposited the proceeds in his personal bank account. When investors later sought cash from their investment accounts, Newsholme – after delaying or trying to dissuade them from withdrawing the money – transferred funds to the investors' bank accounts directly from his personal bank accounts.

16. Newsholme used investor funds to make *Ponzi*-like payments to other investors when they demanded funds, simultaneously concealing and perpetuating his fraudulent scheme. He further used investor money to gamble in Atlantic City, New Jersey.

Prolonging the Scheme

17. Newsholme perpetuated his scheme by winning his clients' trust through personal relationships, and providing clients sufficient reassurances and fake documentation to conceal his ongoing fraud and to quiet their concerns when they arose.

18. While clients received regular information about their annuities investments from the issuers, Newsholme intermittently provided them fabricated account holdings statements regarding their purported other investments. The statements Newsholme created and sent to his clients were amateurish: they often lacked detail, for example, referring to College 529 accounts without specifying the underlying holdings; and they had typographical errors, such as cash holdings referred to as "money markey" instead of "money market."

19. Newsholme admitted he fabricated account statements he sent to his clients in sworn testimony to the New Jersey Bureau of Securities in 2015.

20. When two clients pressed for more regular and reliable updates of their assets, Newsholme created a virtual account for them on Morningstar.com, a tracking service that makes market adjustments to portfolios that users input.

21. Investors reposed confidence in Newsholme because he had posed as their adviser and friend. When they asked Newsholme about their investments, or their retirement nest egg – or even why government agents had been knocking on their door asking questions about him – Newsholme convincingly reassured them that everything was fine and their assets were safe and flourishing.

B. Newsholme's Victims Were Unsophisticated Investors Who Trusted Him.

Customer A

22. Customer A is a retired compliance analyst for an insurance company who met Newsholme in 2003. At the time, Customer A was trying to save for retirement. She was not an experienced investor, and so, lacking any investment knowledge, chose mutual funds for her retirement account based upon which had the most appealing names.

23. Newsholme told Customer A that he could grow her money more efficiently than her mutual funds. At his suggestion, Customer A withdrew all her money from her retirement account, which amounted to \$140,000, in the summer of 2007 and sent it to Newsholme.

24. In sworn testimony before the New Jersey Bureau of Securities in 2015, Newsholme testified that he invested Customer A in shares of New Leaf Brands, Inc. ("New Leaf"), a beverage holding company specializing in iced tea and lemonade in which, he testified, he also personally invested. He said he bought shares on Customer A's behalf in the summer of 2007 for \$0.08 each, saw them rise to \$0.38, then watched them crash to \$0.0006. Newsholme testified he decided to repay Customer A's losses in New Leaf from his personal funds because he was embarrassed at having lost her money and they had a close personal relationship; "she was a mother figure to me," he testified. He said that he repaid her from his own money because as "a Christian man ... I felt I had to do the right thing."

25. Newsholme lied in his sworn testimony before the New Jersey Bureau of Securities. New Leaf's transfer agent records do not reflect any investment, at any time, by Customer A or Newsholme. New Leaf's share price in the summer and fall of 2007 ranged from \$0.04 to \$0.05 per share, not \$0.08 as Newsholme testified. Customer A was unaware of any investment in New Leaf.

26. Customer A did not receive regular account statements from Newsholme and did not know she was supposed to. Every few months she spoke to Newsholme, who reassured her that her investments were growing. The account statements Newsholme sent her in 2012 showed that she was invested in four different mutual funds offered by MFS Investment Management (“MFS”) with total portfolio values ranging from approximately \$175,000 to \$180,000. A Newsholme Financial Center account statement dated March 2014, which indicated assets were held at Pershing LLC (“Pershing”), reflects Customer A’s total retirement assets in mutual funds were valued at \$211,000.

27. Newsholme admitted in sworn testimony before the New Jersey Bureau of Securities that he fabricated the account statements he sent to Customer A, and that, in fact, she had no such accounts. Accordingly, neither MFS nor Pershing had records of holding any assets in Customer A’s name any time after 2007. Newsholme further admitted that he concocted the phony Pershing account statement to help Customer A secure a mortgage.

28. At Customer A’s request, Newsholme sent her money approximately every month in 2013 and 2014 so she could pay her living expenses. She believed the money he sent came from her investments, but in fact the wire transfers came from Newsholme’s personal bank account. Newsholme testified in 2015 in the New Jersey Bureau of Securities proceeding that although he was sending Customer A money from his personal bank account, he told her it was coming from her investments, and he altered the account statements he fabricated to reflect the phony deductions.

29. Following Newsholme’s recommendation in 2014 that Customer A open a retirement account in another state, to where she had relocated, she contacted a national money management firm to transfer her assets from the broker-dealer with which Newsholme was

associated. The national money management firm informed Customer A that she had no account at the broker-dealer, and with her help, the broker-dealer opened an investigation into Newsholme's activities. Newsholme told Customer A that he would send her a cashier's check for the amount of her investments if she would contact the broker-dealer and request it close its investigation. Customer A told investigators at the broker-dealer about Newsholme's offer, but she did not directly respond to Newsholme.

Customer B

30. Customer B was retired when he was referred to Newsholme for financial planning after he received a down payment of \$1.4 million for selling a commercial property he owned in October 2014.

31. Customer B's original plan was to use the funds he received from the down payment to reduce family members' mortgages, but Newsholme advised him instead to invest. He recommended that Customer B invest about \$400,000 in an annuity, \$200,000 in insurance for Customer B and his ailing wife, and set aside about \$40,000 in college savings accounts for his grandchildren. Customer B agreed with the recommendations.

32. Customer B completed applications for the annuity, insurance, and college savings accounts in November 2014, but he never received any paperwork or statements from the issuers. When he asked Newsholme why he had no documentation of his investments, Newsholme simply lied to him, telling him that everything had been done electronically. When Customer B's son called the annuity issuer on his father's behalf in 2015, the issuer had no record of Customer B's investment.

33. The son complained to Newsholme that Customer B had no documentation of his investments. In response, Newsholme generated account statements in 2015 that vaguely

described purported investments, which the son found unsatisfactory and amateurish – for example, cash was held in a “money markey,” an apparent typographical error of “money market.”

34. Customer B and his son visited Newsholme’s office in October 2016 and spoke with Newsholme, who displayed a password-protected “client portal” on a large flat-screen monitor. Newsholme told father and son that as soon as the portal was populated with Customer B’s holdings, they would be able to log in and review them whenever they wished.

35. Newsholme never invested any of Customer B’s funds in an annuity, insurance or college savings accounts. The “client portal” was a ruse to conceal that Newsholme had stolen or spent all or nearly all of Customer B’s investment funds.

36. In November 2016, after learning of the consent order issued against Newsholme by the New Jersey Bureau of Securities, the son confronted Newsholme and demanded the return of his father’s investment funds. Newsholme assured the son that all of Customer B’s money would be returned. It was not.

37. In May 2017, Customer B and his son filed a lawsuit in U.S. District Court in New Jersey (Trenton) against Newsholme, his affiliated entities and others alleging, among other things, state and federal racketeering, fraud, conversion and breach of fiduciary duty.

Customers C and D

38. Customer C and her husband, Customer D, are retired. They hired Newsholme to prepare their taxes in 2009.

39. Although Newsholme charged them a fee for tax preparation their first year, thereafter he waived the fee because, according to Customer C, “he said we were like family.” Indeed, text messages from Newsholme to Customer C in the summer of 2016 at times began,

“Hey mom,” and return texts from Customer C began, “my son, my son.” Newsholme used a heart emoji in text messages to Customer C, and in reply to Customer C’s sign off, “Luv u,” he wrote, “Love you too.”

40. Before meeting Newsholme, Customers C and D invested conservatively, and only in tax-deferred annuities. They received regular statements from their annuity issuer, and occasional account statements from Newsholme in 2013 and 2014. The statements from Newsholme included positions in an S&P 500 fund, cash, and their annuity subaccounts.

41. On Newsholme’s recommendation, Customer D invested in bonds purportedly issued by a New Jersey country club where Newsholme was a member until 2013. Supposedly, according to the promissory note, the bonds yielded a return of 6.375 percent for a one-year investment.

42. However, that country club has not issued bonds since 2005, and the bonds Customer D purchased were fakes created by Newsholme.

43. Customer D’s account statements from Newsholme in July 2012 show a \$37,000 investment in the phony bonds.

44. In June 2012, Newsholme solicited Customers C and D to each invest \$35,000 in a multi-player online video game. Their investment was memorialized in a document entitled “Investment Note,” the terms of which gave each of them a ten percent return and ten percent ownership interest in the game. Although the investment was characterized as a loan pursuant to the Investment Note, which referred to Customers C and D as lenders, Newsholme mischaracterized it as “stock equity” on account statements he generated for Customers C and D in 2012 and 2013.

45. In July 2012, Customer D inherited approximately \$235,000. He instructed Newsholme to invest it in bonds.

46. Account statements Newsholme sent Customer D showed he owned nearly \$250,000 in various MFS bond funds in January 2013, which, according to the statements Newsholme authored, grew in value to more than \$400,000 by June 2014. Customer D consolidated his various MFS funds into a single MFS corporate bond fund, according to the statements Newsholme created.

47. Neither MFS nor Pershing, where Customer D had brokerage accounts, had any record of the MFS funds that Newsholme purported to purchase for Customer D.

48. Dissatisfied with the infrequency of the occasional account statements Newsholme sent them, Customers C and D, in 2015, requested a way to monitor their investments more regularly. Newsholme set up portfolios for them to review on Morningstar.com. Newsholme never informed Customers C and D that Morningstar.com was only a tracking service, not a custodian.

49. Customers C and D checked their Morningstar.com portfolio regularly in 2016 without understanding that it was Newsholme who created the virtual portfolio. In May 2016, when they contacted Morningstar.com, they learned that it was simply a tool to track investments.

50. In January 2017, Customer D's virtual portfolio on Morningstar.com showed his MFS corporate bond fund investment of 11,000 shares was worth approximately \$154,000, down about a third (in both number of shares and value) over the previous three years. At its height in December 2013, Customer D purportedly owned 33,000 shares of the MFS corporate bond fund worth more than \$450,000, according to the Morningstar.com virtual account Newsholme

created. MFS and Pershing had no record of any such investments in Customer D's name or on his behalf.

51. In January 2017, Customers C and D demanded that Newsholme tell them where their assets were custodied. Newsholme assured them that their money was safe, and that in a week or two he would be able to give them more information and an explanation. He never did.

Customer E

52. Now a retired police officer, Customer E first hired Newsholme to prepare his taxes on the recommendation of police colleagues in 2007, shortly after Customer E's former accountant died.

53. Newsholme first offered investment advice to Customer E in 2010, when he recommended consolidation of all of Customer E's retirement assets into a single variable annuity. Customer E took Newsholme's advice and bought the annuity. At that time, Newsholme stopped charging Customer E tax preparation fees.

54. In 2011, on Newsholme's recommendation, Customer E withdrew \$51,000 from his variable annuity purportedly to invest in shares of New Leaf. While Newsholme's files included an undated stock certificate in Customer E's name for 700,000 shares of New Leaf, this certificate is a forgery and appears to be an altered version of an authentic certificate issued in someone else's name. Records of the issuer indicate that Customer E never owned shares of New Leaf.

55. After doctoring and altering an authentic New Leaf stock certificate to show Customer E as a shareholder, Newsholme then "corroborated" his fabrication by listing New Leaf among Customer E's account holdings on statements he generated. The copied and doctored certificate retains the authentic certificate number, but Customer E's name and

purported 700,000 share ownership were inserted in place of the authentic shareholder's name and number of shares.

56. Newsholme recommended in 2011 that Customer E withdraw another \$55,000 from the variable annuity and reinvest the funds in what Newsholme purported to be bonds issued by the country club where he was a member. In 2016, when Customer E cashed out the phony bonds, the redemption funds came from Newsholme's personal bank account.

57. Two of Customer E's checks to Newsholme in 2013 for the purchase of securities were cashed by Newsholme at a check cashing store in Woodbridge, New Jersey.

Customer F

58. Customer F worked in New Jersey public schools, as did her husband before his death.

59. After her husband's death in 2015, Customer F gave Newsholme a series of at least five checks totaling more than \$430,000, some of which was to be invested and some of which was to be set aside for her daughter's wedding.

60. Newsholme's personal bank account records reflect approximately \$455,000 transferred in from Customer F's bank account in the year following Customer F's husband's death.

61. In early 2017, Customer F requested that Newsholme send her \$20,000 from her account for her spending needs. Newsholme told her the money was unavailable at that time due to a "routine investigation" by the Federal Bureau of Investigation.

Customer G

62. Customer G first met Newsholme in 2007, when a co-worker, who attended high school with Newsholme, recommended Newsholme as a tax preparer.

63. In addition to preparing Customer G's taxes, Newsholme advised her to invest her own money and money she was managing for her aging parents in an annuity. Customer G followed the recommendation.

64. The only other investment Customer G made at Newsholme's recommendation was an equity investment in 2014 in a project to produce an independent film.

65. Newsholme told Customer G that it would cost \$2 million to produce the film, and he and his clients would raise half of it. Newsholme said he had contributed \$250,000 of his own money, and his clients would add another \$750,000. Customer G invested \$25,000 in the film. The statement that Newsholme had contributed his own money was material, and false. Newsholme's statement that he was pooling investor funds also was false.

66. Customer G received a promissory note memorializing her investment in the film project. One of the witnesses to the signatures purportedly was an attorney in Hazlet, New Jersey, who had done legal work for Newsholme. The attorney, in fact, had no role in, or familiarity with, the transaction described in the promissory note. Newsholme forged the attorney's signature on the promissory note.

67. In December 2016, Customer G received an email from Newsholme advising her that the movie project was unwinding pre-production, and that he "was able to work out a buyout clause for everyone" entitling investors to a return of their investment plus a twenty-five percent return. This was a lie.

68. Customer G reached out to Newsholme several times in early 2017 inquiring when she would receive her money back. In June 2017, Newsholme lied to her in telling her that unwinding the project was taking longer than anticipated, but she still should expect her invested money back plus twenty-five percent. To date, Customer G has not received any repayment of her investment funds.

FIRST CLAIM FOR RELIEF

(Newsholme's Violations of Section 17(a) of the Securities Act)

69. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 68 of this Complaint.

70. From September 2012 through the present, Newsholme, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, in connection with the offer or sale of securities, has: (a) employed, and is employing, devices, schemes and artifices to defraud; (b) obtained, and is obtaining, money or property by means of untrue statements of material fact, or has omitted, and is omitting, to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged, and is engaging, in transactions, acts, practices and courses of business which would operate as a fraud or deceit upon Newsholme's clients.

71. By reason of the foregoing, Newsholme, directly or indirectly, singly or in concert, has violated, is violating, and unless enjoined, will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF

(Newsholme's Violations of Section 10(b) of the Exchange Act and Rule 10b-5)

72. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 71 of this Complaint.

73. From September 2012 through the present, Newsholme, directly or indirectly, singly or in concert, by use of the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, in connection with the purchase or sale of securities, has: (a) employed, and is employing, devices, schemes and artifices to defraud; (b) made, and is making, untrue statements of material fact, or has omitted, and is omitting, to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged, and is engaging, in transactions, acts, practices and courses of business which operate, operated or would have operated as a fraud or deceit upon Newsholme's clients.

74. By reason of the foregoing, Newsholme, directly or indirectly, singly or in concert, has violated, is violating, 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

(Newsholme's Violations of Sections 206(1) and 206(2) of the Advisers Act)

75. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 74 of this Complaint.

76. From September 2012 through the present, Newsholme, as an investment adviser, directly or indirectly, singly or in concert, by use of the mails or any means or instrumentality of interstate commerce or of the mails, has employed, and is employing devices, schemes and

artifices to defraud his clients, and has engaged, and is engaging, in transactions, practices and courses of business which operate as a fraud and deceit upon Newsholme's clients.

77. By reason of foregoing, Newsholme, directly or indirectly, singly or in concert, has violated, is violating, and unless enjoined, will continue to violate, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court issue a Final Judgment:

I.

Permanently enjoining Newsholme, his agents, servants, employees and attorneys and all persons in active concert or participation with them, who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Sections 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5, thereunder [17 C.F.R. § 240.10b-5]; and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

II.

Ordering Newsholme to disgorge any and all ill-gotten gains he received as a result of his violations of the federal securities laws, plus prejudgment interest thereon;

III.

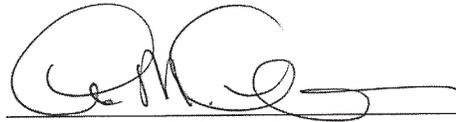
Ordering Newsholme to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Sections 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

IV.

Such other and further amount as the Court deem just and proper.

Dated: New York, New York
September 6, 2017

By:



Andrew M. Calamari

Attorney for Plaintiff

SECURITIES AND EXCHANGE COMMISSION

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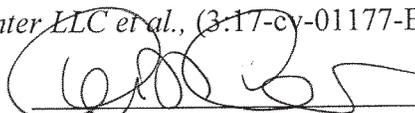
Howard A. Fischer

Alix Biel

LOCAL CIVIL RULE 11.2 CERTIFICATION

Pursuant to Local Civil Rule 11.2, I certify that the matter in controversy alleged in the foregoing Complaint is the subject of a criminal complaint pending in the United States District Court for the District of New Jersey captioned *United States v. Newsholme*, Mag. No. 17-5015 (TJB). The matter here in controversy is not the subject of any other action pending in any court, or of any pending arbitration or administrative proceeding, to my knowledge, other than *James Schreck et al. v. Newsholme Financial Center LLC et al.*, (3:17-cv-01177-BRM) (USDC DNJ).

By:

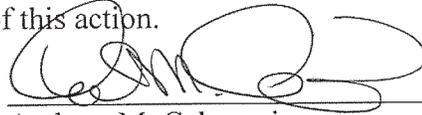


Andrew M. Calamari
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DESIGNATION OF AGENT FOR SERVICE

Pursuant to Local Civil Rule 101.1(f), because the Commission does not have an office in the district, the United States Attorney for the District of New Jersey is hereby designated as eligible as an alternative to the Commission to receive service of all notices or papers in the above captioned action. Therefore, service upon the United States or its authorized designee, Assistant United States Attorney David Bober, United States Attorney's Office for the District of New Jersey, 402 East State Street, Room 430, Trenton, New Jersey 08608, shall constitute service upon the Commission for purposes of this action.

By:



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