

Counsel of Record

A. Kristina Littman
Stephan J. Schlegelmilch
Reid A. Muoio
Brent S. Mitchell
U.S. SECURITIES AND EXCHANGE COMMISSION
100 F Street, N.E.
Washington, DC 20549
Telephone: (202) 551-4935

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

_____	:	
UNITED STATES SECURITIES AND	:	Case No.
EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	FILED UNDER SEAL
vs.	:	
	:	
YU-CHENG LIN, a/k/a BELIEVE LIN,	:	
	:	JURY TRIAL DEMANDED
Defendant.	:	
_____	:	

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the “Commission”), 100 F Street, N.E., Washington, DC 20549, alleges as follows against Defendant Yu-Cheng Lin, also known as Believe Lin, whose last known contact information is as follows: *Residential Address*, No. 53, XinYuan Road, QiPan Village, KuKung Township, YunLin County, Taiwan 646; *Postal Address*, 9F No. 32, Lane 22, GuangFu South Road, SongShan Dist., Taipei City 105, Taiwan; and *Email Addresses*, mit#####@yahoo.com.tw (“Lin’s Yahoo Email Account”) (redacted) and bel#####@gmail.com (“Lin’s Gmail Email Account”) (redacted).

SUMMARY

1. This civil action involves serial insider trading by the defendant, Yu-Cheng Lin (“Lin”), in advance of earnings announcements by Ubiquiti Networks Inc. (“Ubiquiti” or

“company”), a publicly-traded technology company headquartered in San Jose, California. Lin was employed by Ubiquiti from approximately March 2011 until June 2015. Lin currently works and resides in Taiwan.

2. Lin traded in advance of quarterly earnings announcements by Ubiquiti on May 5, August 4 and November 3, 2016. Lin did so by purchasing Ubiquiti common stock, call options and contracts-for-differences (“CFDs”) in brokerage accounts located in the United States and overseas. In each instance, the trading pattern was essentially the same: Lin purchased Ubiquiti securities shortly before Ubiquiti’s quarterly earnings announcements and then sold his Ubiquiti securities for a profit shortly thereafter. Lin’s net profits to date from this trading activity are approximately \$1,656,353:

Event	Stock	Options	CFDs	Total
May 5	\$ 96,518.81			\$ 96,518.81
Aug. 4	\$ 36,385.36	\$ 262,939.13	\$ 420,605.00	\$ 719,929.49
Nov. 3	\$ 111,898.09	\$ 322,755.89	\$ 405,250.79	\$ 839,904.77
Total	\$ 244,802.26	\$ 585,695.02	\$ 825,855.79	\$ 1,656,353.07

3. Ubiquiti’s next quarterly earnings announcement is scheduled for February 9, 2017. On January 24, 2017, Lin began buying Ubiquiti securities in advance of the upcoming earnings announcement.

4. Upon information and belief, given the facts set forth below and the reasonable inferences drawn from such facts, Lin has been trading, and is continuing to trade, Ubiquiti securities on the basis of material, nonpublic information about the company’s quarterly financial results. This includes, but is not limited to, (i) Lin’s status as a former employee of the company; (ii) the timeliness of his suspicious trading activity around positive earnings announcements; (iii) the consistent profitability of his trades; (iv) the size of the transactions in relation to his reported income and net worth; (v) the highly leveraged nature of his positions; (vi) his being the dominant – and often the only – purchaser of certain series of call options; and (vii) the fact that, with only

minor exceptions, Lin did not trade other securities during the relevant period in the identified accounts.

5. By knowingly or recklessly engaging in the conduct described in this Complaint, Lin violated, and unless enjoined will continue to violate, the federal securities laws.

JURISDICTION AND VENUE

6. The Commission brings this action pursuant to Sections 21(d) and 21A of the Securities Exchange Act of 1934 [15 U.S.C. §§ 78u(d) and 78u-1] to enjoin such transactions, acts, practices, and courses of business, and to obtain disgorgement, prejudgment interest, civil money penalties, and such other and further relief as the Court may deem just and appropriate.

7. This Court has jurisdiction over this action pursuant to Sections 21(d) and (e), 21A and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and (e), 78u-1 and 78aa].

8. Venue in this District is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the transactions, acts, practices, and courses of business constituting the violations alleged herein occurred within the District of New Jersey and elsewhere, and were affected, directly or indirectly, by making use of the means or instruments or instrumentalities of transportation or communication in interstate commerce, or of the mails, or the facilities of a national securities exchange.

9. Securities transactions related to this matter were executed on servers located in New Jersey, including Direct Edge-EDGX and BATS in Secaucus, NYSE Arca in Mahwah, and NASDAQ in Carteret.

DEFENDANT

10. **Yu-Cheng Lin (“Lin”)**, also known as Believe Lin, is 39 years old and resides in Taipei, Taiwan. From approximately March 2011 until June 2015, Lin was an employee of Ubiquiti.

Lin currently works for a company headquartered in Taiwan that produces hardware for advanced network appliances and industrial computers (the “Current Employer”).

11. Lin has a domestic brokerage account at Scottrade, Inc. (“Scottrade”) with an account number that ends in *0866 (the “Scottrade Account”). Lin used that account to trade Ubiquiti’s shares and call options. As discussed below, Lin funded the Scottrade Account from two foreign bank accounts and has transferred \$300,000 from the Scottrade Account to one of those accounts.

12. Lin has an overseas brokerage account at Saxo Bank A/S (“Saxo Bank”) and its subsidiary Saxo Capital Markets HK Ltd. (“Saxo HK”) with a “client ID” that ends in *078 and an account number that ends in *282 (the “Saxo Account”). Lin used that account to trade Ubiquiti’s shares and CFDs that reference Ubiquiti’s shares. Lin funded the Saxo Account with June 2016, July 2016, August 2016, and October 2016 transfers from institutions that the Commission is presently unable to identify. Lin transferred \$300,000 out of the Saxo Account on August 8, 2016 to an institution that the Commission is presently unable to identify.

13. Lin has an overseas bank account at Taishin International Bank with an account number that ends in *7268 (the “Taishin Account”). In December 2015, Lin used the Taishin Account to fund the Scottrade Account with \$55,000.

14. Lin has an overseas bank account at HSBC Bank (Taiwan) Ltd. with an account number that ends in *3821 (the “HSBC Account”). In December 2015, Lin used the HSBC Account to fund the Scottrade Account with \$377,000. In April 2016, he transferred \$300,000 from the Scottrade Account to the HSBC Account.

15. Lin uses an email address that begins and ends with mit#####@yahoo.com.tw (“Lin’s Yahoo Email Account”) (redacted) and communicated with Scottrade and Saxo Bank using that account. Lin also uses an email address that begins and ends with bel#####@gmail.com (“Lin’s Gmail Email Account”) (redacted) and communicated with Saxo Bank with that account.

ENTITIES DISCUSSED IN THIS COMPLAINT

16. **Ubiquiti Networks, Inc.** (“Ubiquiti”) is a corporation headquartered in San Jose, California that develops networking technology for service providers and enterprises. Ubiquiti’s shares of common stock are traded on the NASDAQ Global Select Market under the symbol “UBNT.” Transactions in Ubiquiti shares occur, *inter alia*, on servers located in New Jersey, including Direct Edge-EDGX and BATS in Secaucus, NYSE Arca in Mahwah, and NASDAQ in Carteret.

17. **Scottrade, Inc.** (“Scottrade”) is a brokerage firm headquartered in St. Louis, Missouri that provides financial services to individual investors through an online platform and branch network. It has been registered with the Commission as a broker-dealer since 1980.

18. **Saxo Bank A/S** (“Saxo Bank”) is a Danish company headquartered in Copenhagen. **Saxo Capital Markets HK Ltd.** (“Saxo HK”) is a broker-dealer located in Hong Kong and regulated by the Securities and Futures Commission of Hong Kong. Saxo HK is a subsidiary of Saxo Bank.

19. **Taishin International Bank Co. Ltd.** (“Taishin”) is an international bank with headquarters in Taiwan with operations in Hong Kong, Singapore and other countries. Taishin offers retail banking, securities investments, life insurance and other products.

20. **HSBC Bank (Taiwan) Ltd.** (“HSBC Taiwan”) is a subsidiary of HSBC Holdings plc, an international bank with headquarters in London and operations in 71 countries and territories, including the United States. In Taiwan, HSBC offers retail banking and other products.

TERMS USED IN THIS COMPLAINT

Options

21. A stock option gives its purchaser-holder the option to buy or sell shares of an underlying stock at a specified price (the “strike” price) at a later date. Options are generally sold in

“contracts,” which give the option holder the opportunity to buy or sell 100 shares of an underlying stock.

22. A “call” option gives the purchaser-holder of the option the right, but not the obligation, to purchase the underlying security at the specified strike price within a specific time period. Generally, the buyer of a call option anticipates that the price of the underlying security will increase during a specified amount of time.

23. Stock options are often described by the underlying stock, strike price, and the period for which it is operative. For example, a call option that gives the purchaser-holder the option to buy Ubiquiti shares at \$38 that expires in August 2016 can be abbreviated as “UBNT 38 August 2016 call options.”

Margin

24. “Margin” is typically defined as borrowed money that is used to purchase securities. This practice is referred to as “buying on margin.”

25. Buying with borrowed money can be extremely risky because both gains and losses are amplified. That is, while the potential for greater profit exists, there is a corresponding potential for greater losses. Buying on margin also subjects a trader to additional costs such as the interest payment for use of the borrowed money.

CFDs

26. A “CFD” is a stock derivative that is an agreement between two parties to exchange the difference in value of an underlying stock between the time the contract is opened and the time at which it is closed. If the share price increases for the underlying security, the seller pays the difference to the buyer. If the share price declines, the buyer must pay the seller.

27. “Notional value” refers to the cash value of the positions in an underlying stock.

28. “Leverage” refers to the difference between the amount of money a trader has on deposit at a CFD firm and the notional value of the underlying securities traded.

Where traders use leverage, a trader can obtain positions with a notional value far larger than the amount of money the trader has on deposit at the CFD Firm. For example, Lin took CFD positions in late July and early August 2016 that had a notional value of more than \$3 million, while he had a balance of only approximately \$700,000 with the firm.

HOW CFDs WORK

29. Because equity CFDs mirror the movement and pricing of the underlying stock on a dollar-for-dollar basis, any fluctuation in the public market price of the underlying security is reflected in the unrealized gain or loss of the CFD position. The purchase and sale prices of equity CFDs are generally identical to the prices quoted for the shares on the public exchange on which the underlying stock is listed.

30. CFDs are often purchased using leverage so that traders can purchase a CFD with a notional value larger than the cash that they deposit with the CFD firm. Generally, a CFD investor benefits by acquiring the future price movement of the underlying stock without having to pay for or take formal ownership of the underlying stock.

31. Usually, purchasers of CFDs also receive other benefits commonly associated with stock ownership, such as the right to receive dividend payments and participate in stock splits. CFDs normally do not have an expiration date or a delivery date, and there is no restriction on the entry or exit price of a CFD.

32. An equity CFD investor typically purchases a long position in the same manner in which he or she would purchase common stock, by submitting an order with a CFD provider to buy a certain number of CFDs in a particular stock. The provider ordinarily purchases the corresponding number of the underlying shares to hedge its position and writes the CFDs to the

investor at the same price. As with a traditional stock transaction, the buyer is able to enter market, limit, or stop loss orders when initiating CFD positions. Here, Lin was advised, prior to purchasing the CFDs at issue, that Saxo, the broker/provider, would cover his purchase of Ubiquiti CFDs by purchasing equivalent amounts of Ubiquiti common stock.

33. Finally, when initiating an equity CFD position, the investor normally is not required to pay for the related shares or pay any premium. So the only costs associated with CFDs are transaction fees charged by CFD providers when a customer opens and closes a position, plus a potential payout based on any decline in the value of the underlying asset. However, CFD providers typically require the investor to post margin on the underlying equity value.

RELEVANT TRADING ACTIVITY

Lin's Suspicious Trading

34. Upon information and belief, and based upon the reasonable inferences drawn from the evidence presented herein, Lin improperly obtained and traded on the basis of material nonpublic information concerning Ubiquiti's positive earnings announcements.

35. Beginning on May 5 and continuing until at least February 2, 2017 (the "relevant period"), Lin has traded in advance of quarterly earnings announcements by Ubiquiti on May 5, August 4, November 3, 2016, and the scheduled February 9, 2017 announcement. Lin did so by purchasing Ubiquiti common stock, call options and CFDs in the Scottrade Account and the Saxo Account. In each instance, the trading pattern was essentially the same: Lin bought Ubiquiti securities using leverage shortly before the company's quarterly earnings announcements and then sold those securities at a profit shortly thereafter. Lin's profits to date from this trading activity are approximately \$1,656,353.

36. Lin's suspicious trading in Ubiquiti securities coincided with a string of record-breaking earnings announcements beginning in May 2016.

May 5 Announcement

37. On April 13, 2016, Ubiquiti announced publicly that its third quarter 2016 financial results would be released on May 5. After the close of the market on May 5, 2016, Ubiquiti announced publicly “Record Revenues and Earnings” for the third quarter, including a 73% increase in certain revenues year-over-year (“May 5 Announcement”). Ubiquiti’s stock price increased 7.2% on this news, from \$35.29 at the close of the market on May 5 to \$37.84 at the close on May 6.

38. On the day of the May 5 Announcement (but before earnings were announced), Lin purchased 17,000 shares of Ubiquiti common stock in his account at Scottrade. Lin purchased some of these shares on margin. He used \$439,610 of his own funds, all of his available cash in the Scottrade account, and he borrowed an additional \$157,077 from Scottrade. This represented a long exposure to Ubiquiti common stock of nearly \$600,000. At the time of those purchases, Lin owned no Ubiquiti common stock.

39. Lin sold a majority of his position within days of the May 5 Announcement and all but 4,000 shares by the end of May 2016. Lin’s trading profits were approximately \$96,518 on the May 5 Announcement.

August 4 Announcement

40. On July 20, 2016, Ubiquiti announced publicly that its fourth quarter 2016 financial results would be released on August 4. After the close of the market on August 4, 2016, Ubiquiti announced publicly “Record Revenues and Earnings” for the fourth quarter, including an 89% increase in certain revenues year-over-year (“August 4 Announcement”). Ubiquiti’s stock price increased 10.1% on this news, from \$45.06 at the close of the market on August 4 to \$49.61 at the close on August 5.

41. In the six weeks leading up to the August 4 Announcement, Lin purchased Ubiquiti common stock, call options and CFDs in the Scottrade and Saxo Accounts. Lin invested approximately \$433,381 to buy the shares and options. To do so, he borrowed approximately \$218,352 from Scottrade. As a result, Lin acquired exposure to a total of 132,000 shares of Ubiquiti common stock. This represented a leveraged long exposure to Ubiquiti common stock with a notional value of more than \$5 million.

42. Lin sold the majority of his positions on August 5, 2016, the day after the August 4 Announcement and the balance by the end of September 2016. His trading profits were approximately \$718,350 on the August 4 Announcement.

November 3 Announcement

43. On October 14, 2016, Ubiquiti announced publicly that its first quarter 2017 financial results would be released on November 3. After the close of the market on November 3, 2016, Ubiquiti announced publicly “Record Revenues and Earnings” for the first quarter, including a 75% increase in certain revenues year-over-year (“November 3 Announcement”). Ubiquiti’s stock price increased 3.4% on this news, from \$51.76 at the close of the market on November 3 to \$53.50 at the close on November 4.

44. In the three weeks leading up to the November 3 Announcement, Lin purchased Ubiquiti common stock, call options and CFDs in the Scottrade and the Saxo Accounts. Lin invested approximately \$1,012,000 in stock and options. To amass this unusually large position in Ubiquiti, Lin used all available cash in his Scottrade Account, liquidated all other securities in his Scottrade Account, and borrowed \$149,171 from Scottrade. As a result, Lin acquired exposure to a total of 178,000 shares of Ubiquiti common stock. This represented a leveraged long exposure to Ubiquiti common stock with a notional value of approximately \$9 million.

45. Lin sold a majority of his positions within days after the November 3 Announcement. His trading profits were approximately \$839,904 on the November 3 Announcement.

February 9 Announcement

46. On January 18, 2017, Ubiquiti announced publicly that its second quarter 2017 financial results would be released on February 9, 2017.

47. On January 24, 2017, Lin began purchasing Ubiquiti call options in advance of this upcoming earnings announcement. By February 6, 2017, he had invested approximately \$1.2 million in Ubiquiti options. Lin holds a leveraged long exposure to Ubiquiti common stock with a notional value of more than \$9 million. The Commission does not know what, if any, additional exposure Lin has currently acquired via CFDs in his Saxo Account.

Other Indications Of Insider Trading

48. In addition to Lin's status as a former employee of Ubiquiti and the timeliness of his highly suspicious trading activity, as alleged above, a number of other factors are indicative of insider trading. These include the consistent profitability of the trades; the size of the transactions in relation to his reported income and net worth; the highly leveraged nature of his positions; his being the dominant – and often the only – purchaser of certain call option series; and the fact that, with one or two minor exceptions, Lin did not trade any other securities during the relevant period in the Scottrade or Saxo Accounts.

49. Lin's enormous purchases often required him to invest all available assets in his Scottrade and Saxo accounts and to borrow additional funds to purchase Ubiquiti securities on margin.

Consistent Profitability of the Trades

50. Every single trade Lin placed in Ubiquiti securities during the relevant period was profitable, and immensely so. Not a single trade lost money. Lin made \$244,802 trading in Ubiquiti common stock, \$585,695 trading in Ubiquiti options, and \$825,855 trading in Ubiquiti CFDs.

Size of the Transactions Relative to Lin's Reported Financial Condition

51. In documents submitted to Scottrade and Saxo Bank, Lin reported annual income of \$100,000 (December 2015), after-tax income of less-than \$56,000 per year (June 2016) and liquid assets of \$500,000 (December 2015). Despite these relatively modest personal finances, Lin purchased Ubiquiti securities with notional values of up to \$9 million at times during the relevant period. To accumulate these positions, Lin has purchased up to 12 times his annual salary in shares and options in the Scottrade Account alone – and sometimes used all of the money in the account and borrowed more. For example, in the final days of January 2017, Lin spent almost \$900,000 buying options that expire in February and March 2017.

52. This chart summarizes the trades that Lin put on for three quarters relative to his income and assets in the Saxo and Scottrade Accounts:

Lin Trading Compared To Income And Assets							
Announce- ment	Money invested or risked	Exposure purchased	Used margin to increase leverage	Used CFDs or options to increase leverage	Combined value of Saxo and Scottrade Accounts (Estimated)	Percent of \$100,000 in income risked on UBNT announcement	Percent of combined Saxo and Scottrade Accounts risked on UBNT announcement
May	\$ 439,610	\$ 596,688	Yes	No	\$ 447,041	283%	133%
August	\$ 1,033,115	\$ 5,691,192	Yes	Both	\$ 911,924	917%	624%
November	\$ 1,541,272	\$ 8,998,473	Yes	Both	\$ 1,765,138	1765%	510%

Highly Leveraged Trading

53. Lin leveraged his trading in Ubiquiti securities by borrowing money from Scottrade, buying call options, and trading CFDs on margin. By leveraging his trades, Lin significantly increased both the potential profits and losses of his positions. For example, in advance of the August 4 Announcement, Lin purchased 550 in-the-money August 2016 call options at a cost of \$278,374, giving him exposure to 55,000 shares of Ubiquiti common stock. By contrast, the same amount of money would have purchased outright only 6,293 shares.

54. Lin used leverage to increase both his profits and risk. This chart summarizes the percentage of leverage of his positions by showing the notional value of Lin's positions versus the money that he invested and risked:

Lin Percentage Of Leverage On Positions						
Event	Exposure Purchased			Total	Money Invested And Risked	Leverage
	Shares Purchased	Options – Value Of Shares Controlled	CFDs Notional Amount			
May	\$ 596,688	\$ -	\$ -	\$ 596,688	\$ 282,533	111%
August	\$ 155,007	\$ 2,407,600	\$ 3,128,585	\$ 5,691,192	\$ 917,455	520%
November	\$ 1,303,099	\$ 4,006,500	\$ 3,688,874	\$ 8,998,473	\$ 1,765,138	410%
Total	\$ 2,054,794	\$ 6,414,100	\$ 6,817,459	\$ 15,286,354	\$ 2,965,126	416%

Dominant/Exclusive Call Options Trading

55. When Lin purchased Ubiquiti call options, he bought option series that few other investors were purchasing. In a majority of his 14 purchases, Lin was the only person who bought that option series on that day, making up 100% of the daily purchase volume.

56. For example, Lin's Ubiquiti options purchases before the August 4 Announcement accounted on average for 85% of the daily purchase volume in those options series. And Lin's

Ubiquiti options purchases before the November 3 Announcement accounted for 100% of the daily purchase volume in the options series he traded.

No Other Securities Transactions

57. With minor exceptions, Lin traded no other securities during the relevant period in his Scottrade or Saxo Bank account. While it is possible he maintains other brokerage accounts, Lin's employment background and modest personal finances make it unlikely that he engages in trading on a scale similar to his Ubiquiti trading.

Lin's CFD Trades Impacted the United States

58. As set forth above, Lin's purchases of stocks and options directly impacted the United States securities markets, as they were affected using Lin's U.S.-based Scottrade account and were executed on U.S.-based securities exchange servers, many of which are physically located in New Jersey.

59. Lin's CFD trades were also the proximate cause of purchases of Ubiquiti common stock in the United States by Saxo Bank, which hedged its exposure by purchasing shares through domestic broker-dealers including Instinet (a subsidiary of Nomura Holdings, Inc.). As with most CFD providers, Saxo Bank set the CFD contract price with its customer by reference to the price of its hedge. This practice was made known to the public generally via Saxo Bank's website and to Lin specifically in his account opening documents.

60. For example, Saxo Bank records show Lin bought CFDs representing 5,000 shares of Ubiquiti common stock at \$36.84 on June 28, 2016. Instinet records show Saxo Bank bought 5,000 Ubiquiti shares at \$36.84 that same day. Similarly, Saxo Bank records show Lin bought CFDs representing shares of 5,000 common stock at a price of \$41.50 on July 22, 2016 at 14:54:44 UTC (which was 4 hours ahead of Eastern Time on that date). Instinet records show that Saxo Bank

bought 5,000 Ubiquiti shares at a price of \$41.50 that same day at 10:54:44 Eastern time. The times match exactly.

61. As with Lin's purchases through Scottrade, many of the CFD hedging transactions were executed on securities exchange servers located in New Jersey – Direct Edge-EDGX and BATS in Secaucus, NYSE Arca in Mahwah, and NASDAQ in Carteret.

FIRST CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

62. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 61, inclusive, as if they were fully set forth herein.

63. By engaging in the conduct described above, Defendant knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange:

- (a) employed devices, schemes or artifices to defraud; and
- (b) made untrue statements of material facts 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/or
- (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

64. By engaging in the foregoing conduct Defendant 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 [17 C.F.R. § 240.10b-5], thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter an emergency, temporary, and preliminary order against Defendant (i) temporarily freezing Defendant's assets; (ii) ordering Defendant to show cause why a preliminary injunction freezing such assets should not be entered; (iii) requiring the repatriation of assets; (iv) prohibiting Defendant from destroying, altering, or concealing records of any kind; (v) authorizing alternative means for service of process; and (vi) ordering expedited discovery.

Further, the Commission respectfully requests that the Court enter a final judgment:

I.

Permanently restraining and enjoining Defendant from, directly or indirectly, violating 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];

II.

Ordering Defendant to disgorge all ill-gotten gains or unjust enrichment derived from the activities set forth in this Complaint, together with prejudgment interest thereon;

III.

Ordering Defendant to pay a civil penalty pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and

IV.

Granting such other and further relief as this Court may deem just, equitable, or necessary in connection with the enforcement of the federal securities laws and for the protection of investors.

JURY DEMAND

Pursuant to Rule 39 of the Federal Rules of Civil Procedure, Plaintiff demands that this case be tried to a jury.

LOCAL RULE 11.2 CERTIFICATION

Pursuant to Local Rule 11.2, the undersigned certifies that the matter in controversy alleged in the instant Complaint is not the subject of any other action pending in any court, or of any pending arbitration or administrative proceeding.

February 9, 2017

Respectfully submitted,

/s/ Stephan J. Schlegelmilch

A. Kristina Littman

Stephan J. Schlegelmilch

Reid A. Muoio

Brent S. Mitchell

U.S. SECURITIES AND
EXCHANGE COMMISSION

Division of Enforcement

100 F Street, N.E.

Washington, DC 20549

(202) 551-4935 (Schlegelmilch)

(202) 772-9292 (facsimile)

SchlegelmilchS@SEC.gov

Counsel for Plaintiff

U.S. Securities and Exchange Commission

