

1 KRISTIN S. ESCALANTE (Cal. Bar No. 169635)  
Email: escalantek@sec.gov  
2 M. LANCE JASPER (Cal. Bar No. 244516)  
Email: jasperml@sec.gov

3 Attorneys for Plaintiff  
4 Securities and Exchange Commission  
Michele Wein Layne, Regional Director  
5 Alka N. Patel, Associate Regional Director  
Amy J. Longo, Regional Trial Counsel  
6 444 S. Flower Street, Suite 900  
Los Angeles, California 90071  
7 Telephone: (323) 965-3998  
Facsimile: (213) 443-1904

8  
9 **UNITED STATES DISTRICT COURT**  
10 **CENTRAL DISTRICT OF CALIFORNIA**

11  
12  
13 SECURITIES AND EXCHANGE  
COMMISSION,

14 Plaintiff,

15 vs.

16 JEREMY JOSEPH DRAKE,

17 Defendant.  
18

Case No.

**COMPLAINT**

19  
20 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

21 **JURISDICTION AND VENUE**

22 1. The Court has jurisdiction over this action pursuant to Sections 209(d),  
23 209(e)(1) and 214 of the Investment Advisers Act of 1940 (“Advisers Act”), 15  
24 U.S.C. §§ 80b-9(d), 80b-9(e)(1) & 90b-14.

25 2. Defendant has, directly or indirectly, made use of the means or  
26 instrumentalities of interstate commerce, of the mails, or of the facilities of a national  
27 securities exchange in connection with the transactions, acts, practices and courses of  
28

1 business alleged in this complaint.

2 3. Venue is proper in this district pursuant to Section 214 of the Advisers  
3 Act, 15 U.S.C. § 90b-14, because one or more of the acts or transactions constituting  
4 the violations alleged occurred within this district. In addition, venue is proper in this  
5 district because Defendant resides in this district.

6 **SUMMARY**

7 4. This action concerns an investment adviser who, in violation of his  
8 fiduciary duties, deceived his clients about the advisory fees they were paying.

9 5. At all relevant times, Defendant Jeremy Joseph Drake (“Drake”) was an  
10 investment adviser representative of HCR Wealth Advisors (“HCR”), a registered  
11 investment adviser in Los Angeles. From November 2012 until July 2016, Drake  
12 deceived two clients, a married couple holding joint accounts (“the Clients” or “Mr.  
13 A” and “Ms. A”), about the annual management fees they were paying HCR. Drake  
14 told the Clients, a high-profile professional athlete and his spouse, that they were  
15 being charged a special, VIP rate of between 0.15% and 0.20% of their assets under  
16 management, when, in fact, they were being charged and paying 1.0%. During the  
17 course of Drake’s deception, the Clients paid approximately \$1.5 million in  
18 management fees – over \$1.2 million more than Drake represented to the Clients that  
19 they were paying – and Drake received approximately \$900,000 of those fees as  
20 incentive-based compensation. Drake perpetrated this deception by repeatedly lying  
21 to the Clients and their representatives in person, in text messages, and over the  
22 telephone. He also sent the Clients and their representatives false and misleading  
23 emails, deceptive management fee reports, and a number of fabricated documents to  
24 corroborate his lies. The fabricated documents that Drake sent included falsified  
25 account statements of the brokerage firm where Clients’ securities were held and a  
26 falsified investment advisory agreement from HCR. Drake also used a fake email  
27 address – which he said belonged to a manager at the Clients’ brokerage firm – to  
28 send more deceptive emails and false documents concerning the Clients’ fees, and

1 persuaded a confederate to pose as a manager at the Clients' brokerage firm and  
2 corroborate his story. In so doing, Drake violated the fiduciary duties that he owed to  
3 the Clients.

4 6. By engaging in this conduct, Drake violated Sections 206(1) and 206(2)  
5 of the Advisers Act, 15 U.S.C. §§ 80b-6(1) & 80b-6(2), or, in the alternative, aided  
6 and abetted HCR's uncharged violations of those provisions. The SEC seeks a  
7 permanent injunction, disgorgement with prejudgment interest, and civil penalties  
8 against Drake.

### 9 **THE DEFENDANT**

10 7. Drake resides in Los Angeles, CA. He holds a Series 66 license. Drake  
11 worked as a registered investment adviser representative of HCR from March 2009  
12 until early July 2016, when HCR terminated him for his misconduct concerning the  
13 Clients' accounts. Before his termination, Drake managed over \$50 million in assets  
14 for more than 20 clients. Drake is currently associated with an investment adviser  
15 registered with the State of California.

### 16 **FACTUAL ALLEGATIONS**

#### 17 **A. HCR's Management Fees and Drake's Compensation**

18 8. HCR is a California corporation organized on September 1, 1986, with  
19 its principal place of business in Los Angeles, California. HCR has been registered  
20 with the SEC as an investment adviser since April 16, 1999. As of February 2017,  
21 HCR reported having approximately 500 clients and \$900 million in assets under  
22 management.

23 9. HCR maintains its client accounts at Charles Schwab & Co., Inc.  
24 ("Schwab"). Schwab serves as the custodian for HCR's clients' securities and HCR  
25 trades on behalf of its clients through Schwab. Therefore, each HCR client typically  
26 has one or more accounts at Schwab, managed by HCR.

27 10. HCR charges its clients an annual management fee for investment  
28 adviser services. The fees, which are billed quarterly in advance, are automatically

1 deducted from the Schwab accounts and paid to HCR. HCR's management fees  
2 typically start at 1.0% of a client's assets under management, but clients sometimes  
3 negotiate lower fees with HCR.

4 11. A significant portion of Drake's personal compensation at HCR came  
5 from the fees HCR charged clients for assets under his management. During Drake's  
6 first three years at HCR, the firm paid him a \$60,000 annual salary plus "incentive-  
7 based compensation" of between 40% and 50% of those fees. In April 2013, at his  
8 request, HCR agreed to pay Drake 60% of his clients' management fees in lieu of a  
9 salary, and HCR paid Drake under that new agreement for the remainder of his time  
10 with HCR.

11 **B. The Clients' Stated Management Fees**

12 12. Drake met the Clients in 2008, when he worked for another investment  
13 adviser. The Clients ultimately placed more than \$35 million of their assets under  
14 Drake's management, and Drake was the Clients' sole contact at HCR during the  
15 time he acted as their investment adviser. As an investment adviser responsible for  
16 the day-to-day management of the Clients' investments, Drake owed the Clients a  
17 fiduciary duty.

18 13. On behalf of the Clients, Ms. A signed an "Investment Advisory  
19 Agreement" with HCR in September 2009. Drake signed on behalf of HCR. The  
20 agreement stated that the Clients would pay an annual management fee equal to 1.0%  
21 of the assets under HCR's management and that the agreement would renew  
22 automatically each quarter. The agreement further stated that it could be terminated  
23 unilaterally by either party. Ms. A and her assistants and accountant primarily  
24 communicated with Drake concerning management of the Clients' assets and Clients'  
25 management fees.

26 14. Based on her conversations with Drake, Ms. A believed the agreement  
27 expired unless it was renewed each year. As a result, and because the Client never  
28 signed another contract with HCR, she believed the Clients did not have a written

1 agreement with HCR after 2009. Instead, as explained in detail below, she sought to  
2 determine what the Clients were paying in fees after 2009, and Drake repeatedly and  
3 expressly represented to her that the actual fees that the Clients were being charged  
4 were much lower than 1.0%.

5 15. HCR charged the Clients a 1.0% management fee throughout the time  
6 they were Drake's clients, which Schwab deducted each quarter from the Clients'  
7 accounts and paid to HCR.

### 8 **C. Drake's Deception Regarding Fees**

9 16. Ms. A met with Drake once or twice each year to discuss the Clients'  
10 accounts. English is not Ms. A's first language, and she always brought an assistant  
11 to act as an interpreter. In advance of a meeting in November 2012, Ms. A asked her  
12 assistant to help her understand how much the Clients were paying HCR in  
13 management fees. Per Ms. A's instructions, the assistant emailed Drake and asked  
14 if, at the next meeting, Drake "would be able to provide a simple explanation of all  
15 the fees, expenses and charges the [Clients] pay in regards to all the services they  
16 receive from [HCR]." In reply, Drake agreed to provide "a detailed explanation of all  
17 fees associated with the work [HCR] provides."

18 17. Ms. A and her assistant met with Drake shortly thereafter, on or about  
19 November 20, 2012. During the meeting, Drake told Ms. A and her assistant that,  
20 since 2010, the Clients had paid a special "VIP" rate of between 0.15% and 0.20%.  
21 Specifically, Drake told Ms. A and the assistant that the Clients had paid an initial fee  
22 of 1%, but then received periodic "credits" in their brokerage accounts that resulted in  
23 a "net" fee in the discounted range. These statements were false. The Clients were in  
24 fact paying fees equal to 1% of their assets under management with no credits that  
25 resulted in a "net" fee in the discounted range. Drake did not inform clients of this  
26 fact, even though Drake had received a percentage of those fees as part of his  
27 compensation.

28 18. Ms. A and her assistant met with Drake again in April 2013. After that

1 meeting, the assistant asked Drake, on behalf of Ms. A, to further clarify the  
2 management fees. Drake again represented that the Clients were paying between  
3 0.15% and 0.20% of their assets under management. Drake offered to provide  
4 documents to help the Clients understand the fees and credits, and the assistant asked  
5 him to do so.

6 19. Shortly thereafter, on April 29, 2013, Drake emailed Ms. A's assistant  
7 "management fee reports" that purported to set forth the management fees for two of  
8 the Clients' accounts. The first report purported to list the quarterly fees paid from  
9 one of the Clients' accounts during 2010, 2011, and 2012, along with purported  
10 "credits" against those fees. According to the report, the effect of the credits was to  
11 offset the Clients' fees by approximately 83%, resulting in a purported "net" rate of  
12 0.177% and purported "net" fees of \$44,994. The second report listed quarterly fees  
13 paid from another of the Clients' accounts in 2011 and 2012, along with purported  
14 "credits" that offset those fees. That report purported to show that credits offset the  
15 fees by 85%, resulting in a "net" rate of 0.15% and "net" fees of \$34,737. The  
16 assistant shared these reports with Ms. A.

17 20. The purported "credits," "net" rates, and "net" fees in those reports were  
18 a fabrication. In reality, the Clients had been charged and had paid all of the  
19 quarterly fees listed in those reports, but received none of the credits. Whereas the  
20 reports said they had paid "net" rates of 0.177% and 0.15%, resulting in "net" fees of  
21 \$44,994 and \$34,737, they had in fact paid a 1.0% rate in both accounts, resulting in  
22 actual fees paid of \$280,349 and \$231,889. The total difference between what Drake  
23 said the Clients had paid from those accounts during those periods, and what they  
24 actually paid, was more than \$430,000. Approximately \$190,000 of those fees went  
25 to Drake.

26 21. Just one day after Drake sent the false fee reports, he re-negotiated with  
27 HCR to receive a higher percentage of the management fees HCR charged his clients,  
28 moving from a range of between 40% and 50%, to a flat rate of 60%.

1           22. In early 2014, Ms. A hired a new assistant to take over for her previous  
2 assistant, who had taken another job. She asked the new assistant to help her  
3 understand HCR's fees, since she was still confused about how the purported fee-  
4 credit system worked. Starting in May 2014, the new assistant asked Drake for  
5 reports to confirm the fees paid and credits received. Over the next several months,  
6 Drake repeatedly told Ms. A and the new assistant that the Clients were being  
7 charged a 1.0% fee, which was reduced by "credits" that resulted in a "[n]et fee of  
8 approximately 0.15% after the credits have been processed," and repeatedly sent  
9 them false and misleading documents to support that explanation.

10           23. On June 2, 2014, for instance, the new assistant asked Drake for  
11 documents reflecting the timing and amounts of the fees and credits so that he and  
12 Ms. A could review them. The next day, Drake emailed what he described as "the  
13 most recent management fee reports from Schwab" for the Clients' accounts. The  
14 email itself purported to list fee credits, net fees, and fee percentages for three of the  
15 Clients' accounts, all of which was false information because the Clients had received  
16 no such credits. The attachments that Drake included with that email seemed to  
17 support his explanation, and appeared to be authentic statements from Schwab  
18 concerning the Clients' accounts. In fact, they were doctored Schwab statements that  
19 Drake had altered to include "ADVISOR FEE CREDIT" entries that did not exist in  
20 the originals. When the new assistant expressed an inability to make sense of those  
21 entries, Drake sent him a lengthy explanation concerning how Schwab ostensibly  
22 paid the credits, and stated that the complicated process he was purporting to explain  
23 was put in place only for "top tier clients." Drake further represented that he made  
24 sure the system was in place for the Clients because of their "fee sensitivity."  
25 Drake's representations regarding the fee credits were false.

26           24. Drake continued to send false and misleading emails and documents to  
27 Ms. A and the new assistant thereafter. On June 16, 2014, for instance, Drake sent  
28 Ms. A's assistant a wholly fabricated brokerage statement – complete with Schwab's

1 logo in the upper-right hand corner – that purportedly reflected “credits” and “net”  
2 fees for the Clients’ accounts going back to 2010. Similarly, on September 11, 2014,  
3 Drake emailed Ms. A’s assistant a purported “[Client] Account Management Fee  
4 Summary” with purported “fee credits” and represented that it was “the complete and  
5 accurate accounting for the management fees to date.” In an apparent attempt to end  
6 the discussion, Drake insisted that the numbers were correct, and that Ms. A would  
7 have to accept them as is, even though the “accounting” and “legal requirements”  
8 made them hard to understand.

9 25. In early 2016, Ms. A tried again to understand the management fees, this  
10 time with the aid of a third assistant and a newly hired accountant. Over the next  
11 several months, Drake repeatedly made false and misleading representations to all  
12 three of them in their efforts to understand the fees.

13 26. For example, on April 12, 2016, Drake sent the third assistant false and  
14 misleading fee reports for the Clients’ accounts concerning the first quarter of 2016,  
15 which the assistant forwarded to Ms. A. Drake also sent the third assistant fabricated  
16 transaction statements that bore Schwab’s logo and that included false fee credits.

17 27. On April 22, 2016, Drake sent the third assistant a text message saying  
18 that the Clients had “always” paid between 0.15% and 0.20% based on the agreement  
19 they signed with HCR, and that the credits “primarily came from bond interest paid  
20 by Schwab.” This was a false statement.

21 28. On April 23, 2016, Drake emailed Ms. A and the third assistant a  
22 lengthy and false explanation of the management fees and “credits” in an apparent  
23 attempt to resolve the issue, insisting that the Clients need not worry about the tax  
24 consequences of the credits because they were paid using tax-free bonds. These  
25 again were false statements.

26 29. On April 25, 2016, Drake sent the third assistant a fabricated HCR  
27 Investment Advisory Agreement, supposedly dated September 8, 2009, that provided  
28 for “net” fees of between 0.15% and 0.20%. The document’s metadata shows that it

1 was created the same day Drake sent it to the third assistant, and not on or around  
2 September 8, 2009.

3 30. Also on April 25, 2016, Drake sent Ms. A and the third assistant false  
4 and misleading documents that purported to illustrate a contractual arrangement  
5 between HCR and Schwab through which Schwab agreed to pay fee credits to the  
6 Clients.

7 31. On April 27, 2016, Drake sent the third assistant a lengthy, false  
8 explanation about Schwab's purported payment of the fee credits, and explained that  
9 Drake personally verified the credits each quarter.

10 32. On May 9, 2016, Drake sent Ms. A's accountant an email in which he  
11 purported to attach "the quarterly review produced by Schwab that summarizes the  
12 1.00% fee, the net credits, and the resulting net account fee to the [Clients]." The  
13 report was fabricated. At the bottom of the email, Drake included a fabricated email  
14 purportedly from Schwab in order to make it appear that he was simply forwarding a  
15 report sent to him by the brokerage firm.

16 33. In mid-May 2016, Drake falsely represented to Ms. A's accountant over  
17 the telephone that the Clients' fee credits were paid out of interest earned on bonds.

18 34. On May 31, 2016, Drake emailed Ms. A, the accountant, and the third  
19 assistant two fabricated letters, ostensibly on Schwab's letterhead, concerning the  
20 "credits" and their tax implications. The first letter, dated October 1, 2009, was a  
21 purported agreement between HCR and Schwab that purported to provide that the  
22 Clients would be charged net fees of between 0.15% and 0.20% by HCR. No such  
23 agreement existed. The second fabricated letter, dated May 27, 2016, stated that  
24 Schwab would work to limit the Clients' tax liability from the credits.

25 **D. Drake's Use of a False Persona to Perpetuate the Deception**

26 35. In early June 2016, Ms. A asked Drake to provide a contact person at  
27 Schwab who could explain the fee credits. She expressed frustration that she and her  
28 assistants and accountant were still unable to understand the credits after so much

1 time, and that she wanted a clear explanation of everything immediately. In response,  
2 Drake created a false persona named “Ron Stenson” whom he held out as an  
3 employee of “Charles Schwab Advisor Services” who could help explain the fee-  
4 credit system. He then created a misleading “Ron Stenson” email address,  
5 rstenson.scas@gmail.com, from which he sent Ms. A, the third assistant, and the  
6 accountant a number of false and misleading emails and attachments, including  
7 fabricated documents bearing a “Charles Schwab Advisory Services” logo. At times,  
8 Drake participated in email communications with them as both Ron Stenson and  
9 himself, using a personal email address when emailing as himself, and using the  
10 rstenson.scas@gmail.com address when emailing as Ron Stenson. Drake sent more  
11 than a dozen “Ron Stenson” emails to Ms. A and her representatives in June 2016.

12 36. Drake also licensed a telephone number from an Internet telephone  
13 provider, which he gave to Ms. A and her representatives as a number to use to call  
14 Ron Stenson, and for which he set up a voicemail box to receive calls. Drake then  
15 connected Ms. A’s accountant with a confederate who posed as Ron Stenson in two  
16 or three telephone calls with the accountant and purported to corroborate Drake’s  
17 explanation of the fees and credits.

18 **E. Drake’s Confession to Ms. A**

19 37. Toward the end of June 2016, Ms. A came to believe that Drake had  
20 been lying to her about the management fees for years. Ms. A contacted Schwab,  
21 prompting Schwab to contact HCR about Drake.

22 38. On July 4, 2016, Drake sent Ms. A an email in which he confessed to  
23 lying about the management fees in order to keep the Clients’ business. He admitted  
24 there was no “credit” system that reduced the Clients’ fees, and that they had paid  
25 higher fees than they were told. He also confessed to “sending false information” and  
26 “involving another person to confirm the false story.”

27 39. In the same email, Drake pleaded with Ms. A to help him keep his  
28 securities license by asking her to lie to Schwab about the source of the fabricated

1 documents. Drake told her that he might be able to keep working as an adviser if Ms.  
2 A would tell Schwab that someone else had sent her the documents. Drake also  
3 warned Ms. A that escalating his misconduct with the brokerage firm could result in  
4 bad publicity for Mr. A. Ms. A refused to lie for Drake.

5 40. HCR terminated Drake on July 8, 2016.

6 **F. Drake's Scienter and the Materiality of his False Statements**

7 41. During all relevant times, Drake acted with scienter. Drake knowingly  
8 or recklessly provided false information to Ms. A about the fees the Clients were  
9 being charged, knowingly or recklessly created and sent her fabricated documents,  
10 and knowingly or recklessly created a false persona to communicate with Ms. A.  
11 Upon discovery of his deception, Drake admitted to Ms. A that he deceived her to  
12 avoid losing her as a client.

13 42. In addition, Drake failed to exercise reasonable care by providing the  
14 Clients materially false information about their management fees, and using false  
15 documentation and a false persona to conceal the true fees from the Clients.

16 43. Drake's fraudulent acts were material. The fees charged by an  
17 investment adviser are important to investment adviser clients, and the difference  
18 between a fee of 1% and a fee of 0.15% to 0.20% is a material difference.

19 **G. Drake's Role as an Investment Adviser**

20 44. During all relevant times, HCR was registered as an investment adviser  
21 with the SEC, and Drake was associated with HCR.

22 45. While associated with HCR, Drake managed his clients' securities  
23 accounts on a discretionary basis, including the Clients' accounts. He acted as the  
24 sole representative of HCR when advising the Clients about their accounts; the  
25 Clients looked exclusively to Drake to manage those accounts; and, pursuant to the  
26 discretionary authority that the Clients had granted, Drake personally managed the  
27 Clients' investments in those accounts throughout their relationship. Drake received  
28 compensation in connection with those services, starting with a salary from HCR plus

1 between 40% and 50% of the management fees generated by his clients. After March  
2 2013, he received 60% of the management fees paid by these and his other clients.  
3 Accordingly, Drake was an investment adviser.

4 46. In committing the acts alleged herein, Drake acted within the course and  
5 scope of his employment with HCR. Drake was solely responsible for managing  
6 HCR's relationship with the Clients from the time the Clients became HCR's clients  
7 until the Clients ended their relationship with Drake and HCR in June 2016. In  
8 committing the violations alleged in this Complaint, Drake acted for himself and for  
9 the benefit of HCR.

10 47. As an investment adviser, Drake owed his clients a fiduciary duty and  
11 was prohibited from making untrue statements of material fact or from omitting to  
12 state material facts necessary to make his statements not misleading. Drake violated  
13 these obligations by committing the acts alleged in this Complaint.

14 48. Alternatively, Drake aided and abetted HCR's violations of its fiduciary  
15 duties to the Clients. HCR, acting through Drake, knowingly or recklessly violated  
16 Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) & 80b-6(2).  
17 Drake knew of or recklessly disregarded the wrong and his role in furthering it and  
18 substantially assisted HCR's violation.

19 **FIRST CLAIM FOR RELIEF**

20 **Fraud by an Investment Adviser**

21 **Violations of Sections 206(1) and 206(2) of the Advisers Act**

22 49. The SEC realleges and incorporates by reference paragraphs 1 through  
23 48 above.

24 50. By managing the Clients' securities accounts on a discretionary basis in  
25 return for compensation and otherwise performing the acts alleged in this Complaint,  
26 Drake acted as an investment adviser.

27 51. By engaging in the conduct described above, Drake, directly or  
28 indirectly, by use of the mails or means and instrumentalities of interstate commerce:

1 (a) with scienter, employed devices, schemes or artifices to defraud clients or  
2 prospective clients; and (b) engaged in transactions, practices, or courses of business  
3 which operated as a fraud or deceit upon clients or prospective clients.

4 52. Specifically, among other things, Drake knowingly, recklessly and  
5 negligently lied to the Clients and their representatives about the amount the Clients  
6 were paying in management fees, provided false and misleading information about  
7 those fees, fabricated and sent false documents, created a false persona to support his  
8 deception, and enlisted a confederate to assist in deceiving the Clients.

9 53. By engaging in the conduct described above, Drake has violated, and  
10 unless enjoined, will continue to violate, Sections 206(1) and (2) of the Advisers Act,  
11 15 U.S.C. §§ 80b-6(1) & 80b-6(2).

## 12 **SECOND CLAIM FOR RELIEF**

### 13 **Aiding and Abetting Fraud by an Investment Adviser**

#### 14 **Violations of Sections 206(1) and 206(2) of the Advisers Act**

15 54. The SEC realleges and incorporates by reference paragraphs 1 through  
16 48 above.

17 55. HCR is a registered investment adviser.

18 56. Drake committed the acts alleged above during the course and scope of  
19 his employment with HCR.

20 57. Through the acts of Drake alleged above, HCR violated Sections 206(1)  
21 and 206(2) of the Advisers Act, 15 U.S.C. § 80b-6(1) and (2). Specifically, by use of  
22 the mails or means or instrumentalities of interstate commerce, HCR, directly or  
23 indirectly, (a) with scienter, employed devices, schemes or artifices to defraud clients,  
24 or (b) engaged in transactions, practices or courses of business which operated as a  
25 fraud or deceit upon clients.

26 58. Drake knew of or recklessly disregarded the wrongful acts and knew of  
27 or recklessly disregarded his own role in furthering the wrong.

28 59. Drake knowingly provided substantial assistance to HCR in its violations

1 of Section 206(1) and 206(2) of the Advisers Act, 15 U.S.C. § 80b-6(1) and (2).

2 60. By reason of the actions alleged in this Complaint, pursuant to Sections  
3 209(d) and (f) of the Advisers Act, 15 U.S.C. § 80b-9(d) and (f), Drake aided and  
4 abetted, and, unless enjoined, will continue to aid and abet, violations of Sections  
5 206(1) and 206(2) of the Advisers Act, 15 U.S.C. § 80b-6(2).

6 **PRAYER FOR RELIEF**

7 WHEREFORE, the SEC respectfully requests that the Court:

8 **I.**

9 Issue findings of fact and conclusions of law that Drake committed the alleged  
10 violations.

11 **II.**

12 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of  
13 Civil Procedure, permanently enjoining Drake, and his officers, agents, servants,  
14 employees and attorneys, and those persons in active concert or participation with  
15 any of them, who receive actual notice of the judgment by personal service or  
16 otherwise, and each of them, from violating, or, in the alternative, from aiding and  
17 abetting any violation of, Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§  
18 80b-6(1) & 80b-6(2).

19 **III.**

20 Order Drake to disgorge all funds received from his illegal conduct, together  
21 with prejudgment interest thereon.

22 **IV.**

23 Order Drake to pay civil penalties under Section 209(e)(1) of the Advisers Act,  
24 15 U.S.C. § 80b-9(e)(1).

25 **V.**

26 Retain jurisdiction of this action in accordance with the principles of equity and  
27 the Federal Rules of Civil Procedure in order to implement and carry out the terms of  
28 all orders and decrees that may be entered, or to entertain any suitable application or

1 motion for additional relief within the jurisdiction of this Court.

2 **VI.**

3 Grant such other and further relief as this Court may determine to be just and  
4 necessary.

5 Dated: August 22, 2017

6 */s/ Kristin S. Escalante*

7 Kristin S. Escalante

8 Attorney for Plaintiff

9 Securities and Exchange Commission

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

## Complaints and Other Initiating Documents

[2:17-cv-06204 Securities and Exchange Commission v. Drake](#)

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

### Notice of Electronic Filing

The following transaction was entered by Escalante, Kristin on 8/22/2017 at 10:37 AM PDT and filed on 8/22/2017

**Case Name:** Securities and Exchange Commission v. Drake

**Case Number:** [2:17-cv-06204](#)

**Filer:** Securities and Exchange Commission

**Document Number:** [1](#)

### Docket Text:

**COMPLAINT No Fee Required - US Government, filed by Plaintiff Securities and Exchange Commission. (Attorney Kristin S Escalante added to party Securities and Exchange Commission(pty:pla))(Escalante, Kristin)**

### 2:17-cv-06204 Notice has been electronically mailed to:

Kristin S Escalante [escalantek@sec.gov](mailto:escalantek@sec.gov), [delgadilloj@sec.gov](mailto:delgadilloj@sec.gov), [irwinma@sec.gov](mailto:irwinma@sec.gov), [longoa@sec.gov](mailto:longoa@sec.gov)

### 2:17-cv-06204 Notice has been delivered by First Class U. S. Mail or by other means **BY THE FILER** to :

The following document(s) are associated with this transaction:

**Document description:**Main Document

**Original filename:**J:\ENF\LA-04737\LITIGATION FILES\DRAFTS\PLEADINGS & SETTLEMENTS - DRAFTS\Drake Complaint - FINAL FINAL (FINAL).pdf

**Electronic document Stamp:**

[STAMP cacdStamp\_ID=1020290914 [Date=8/22/2017] [FileNumber=24085144-0]  
][3a3b2a965ba4141c64eaeacc2dd504f63347c5c82176c554e46c0a16c7e03330fd6  
32155062482792f9dc0e79c89aac9c54e8079220f086ce2be1aab5eac0fea]]