

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF INDIANA
FORT WAYNE DIVISION**

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,**

Plaintiff,

v.

**MOHLMAN ASSET MANAGEMENT, LLC,
MOHLMAN ASSET MANAGEMENT FUND,
LLC, AND LOUIS G. MOHLMAN, JR.,**

Defendants.

No. 17 CV 502

COMPLAINT

Plaintiff United States Securities and Exchange Commission (“SEC”) alleges:

1. Defendant Louis G. Mohlman, Jr. (“Mohlman”), an investment adviser, controls and makes investing decisions for two funds. One such fund is referred to in this Complaint as “Fund II.” Several of Fund II’s investors live within the Northern District of Indiana. From 2012 through 2014, Mohlman made payments from Fund II assets to satisfy the obligations of third parties. Certain of these payments Fund II was not legally obligated to make, and did not benefit Fund II. Mohlman also used Fund II proceeds to enter into transactions that paid undisclosed advisory fees that indirectly inured to his personal benefit.
2. The investors in Fund II never consented to these transactions. Indeed, in most cases Mohlman never told the investors about them. And when he made disclosures

he omitted key details – details that reasonable investors would have wanted to know.

3. Mohlman also had advisory clients, most of whom live within the Northern District of Indiana. In 2013 he encouraged many of them to invest money in what he called his “Roth IRA strategy.” He told current and prospective investors that his strategy was endorsed by tax and legal opinions he had procured from accounting firms and law firms. That was not true. Indeed, one accounting firm admonished Mohlman to stop telling investors that it was backing Mohlman’s strategy. “We do not endorse the proposed idea,” a firm principal made clear to Mohlman in no uncertain terms. Mohlman’s strategy was never endorsed or blessed by lawyers or accountants. But that did not stop him from continuing to claim otherwise to his advisory clients.

4. Mohlman, and the investment advisers he controlled – which are also named as Defendants in this lawsuit – engaged in other malfeasance from 2012 through 2014, as detailed below. The SEC brings this civil law enforcement action to prevent further harm to investors and to hold Defendants accountable for their securities laws violations.

JURISDICTION AND VENUE

5. The SEC brings this action pursuant to Section 209(d) of the Advisers Act [15 U.S.C. § 80b-9(d)].

6. This Court has jurisdiction over this action pursuant to Sections 209(d), 209(e), and 214 of the Advisers Act [15 U.S.C. §§ 80b-9(d), 80-9(e), and 80b-14], and 28 U.S.C. § 1331.

7. Venue is proper in this Court pursuant to Section 214(a) of the Advisers Act

[15 U.S.C. §80b-14(a)]. Acts, practices and courses of business constituting violations alleged herein have occurred within the jurisdiction of the United States District Court for the Northern District of Indiana, where many investors live.

8. Defendants directly and indirectly made use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices, and courses of business alleged herein, and will continue to do so unless enjoined.

DEFENDANT AND RELIEF DEFENDANTS

9. **Defendant Mohlman Asset Management, LLC (“MAM”)** is an Indiana limited liability company with its principal place of business in Fort Wayne, Indiana. MAM has been a SEC-registered investment adviser since September 2009. As of March 2017, MAM reported assets under management of \$178,000,000. During the period at issue, MAM Funds I and II were controlled by Mohlman, who served as president and chief compliance officer (“COO”). MAM’s advisory clients are mainly individuals.

10. **Defendant Mohlman Asset Management Fund, LLC (“MAMF”)** is an Indiana limited liability company with its principal place of business in Fort Wayne, Indiana. MAMF became a SEC registered investment adviser in March 2010. In September 2017, MAMF filed an ADV-W to de-register, and its registration was terminated. It continues to be listed by the Indiana Secretary of State’s office as an LLC in good standing, however. Mohlman controls MAMF. He serves as its Managing Member and CCO.

11. **Defendant Louis G. Mohlman, Jr.**, 56 years old, is a resident of Leo,

Indiana. During the period at issue, he owned and controlled MAM and MAMF, and served as their CCO. He also served as MAM's president and as MAMF's managing member. In June 2009, the Financial Industry Regulatory Authority ("FINRA"), the non-government organization that regulates member broker-dealers and exchange markets, fined Mohlman \$10,000 and imposed a three-month suspension from association with any FINRA member in any capacity. The FINRA sanction stemmed from allegations that Mohlman offered to pay an employee of another broker-dealer in exchange for its confidential client account information.

12. Fund I was formed in 2010 while Fund II was formed in 2011. Since inception, Mohlman has served as the sole signatory on Fund I's and Fund II's bank accounts and controlled MAMF as its Managing Member. MAMF and Mohlman, as a related person, therefore had custody of client assets. MAMF and Mohlman engaged an accountant to conduct an audit of the funds' financial statements in January 2013. The audits covered Fund I from its inception in 2010 and Fund II from its inception in 2011, to December 31, 2012, which is the end of both funds' fiscal years. The accountant completed the audits in or around July 2013. It issued a qualified opinion with respect to both funds because certain portfolio investments and related loans were valued at cost, as opposed to fair value, in contravention of certain accounting and auditing guidance. MAMF and Mohlman provided the audit report and the audited financial statements to Fund I and II investors in August 2013.

OTHER PARTIES

13. Mohlman formed **Mohlman Asset Management Fund 2010, LLC (“Fund I”)**, an Indiana limited liability company, in or around January 2010. Soon thereafter Mohlman began operating it as a private fund. It meets the definition of a “pooled investment vehicle” under Rule 206(4)-8(b) of the Advisers Act. At all relevant times, Mohlman controlled MAMF, which managed Fund I.

14. Mohlman formed **Mohlman Asset Management Fund II, LLC (“Fund II”)**, an Indiana limited liability company, in or around November 2011, which he operates as a private fund. It meets the definition of a “pooled investment vehicle” under Rule 206(4)-8(b) of the Advisers Act. At all relevant times, MAMF managed Fund II. Mohlman controls MAMF.

15. Fund II is governed by an operating agreement, a subscription agreement, and a private offering memorandum (collectively, the “Offering Documents”). According to the Offering Documents, the purpose of Fund II “is to allow investors to gain access to the asset class of private equity with a smaller commitment and diversification into several investments compared to investing into private equity deals on their own.” Investors were able to purchase interests in Fund II and, as a result, stood to benefit from any increase in the value of Fund II assets. The private offering memorandum states that Fund II will “make private equity investments in debt or equity private placement offerings, real estate, or directly in companies across a broad spectrum of businesses and economic sectors.”

16. Fund II’s private offering memorandum identifies the “operating expenses” for which MAMF can charge the fund. Such enumerated expenses do not include MAM’s

compliance-related expenses, the obligations of other funds, or MAM's obligations owed to its advisory clients.

17. Neither Fund II's Offering Documents nor Mohlman's oral communications with investors disclosed that Fund II would invest in, or make loans to, individuals or MAM's advisory clients.

18. Mohlman periodically sent Fund II investors updates ("Fund II Updates"), which contained summaries of Fund II's investments.

FACTS

Mohlman and MAMF Used Fund II Investors' Assets For Improper Purposes, Without Investors' Knowledge or Consent

19. In February 2013, Mohlman and MAMF executed a promissory note to use Fund II's assets to make a \$150,000 unsecured loan to Person A and his wife, Person B. The loan constituted approximately 16% of the Fund's portfolio. Mohlman misrepresented key aspects of this loan to Fund investors. In three Fund II Updates, he misrepresented it as a "bridge loan" for "raw materials." Fund II's 2013 audited financials misrepresented that Fund II had loaned the money to an entity, rather than two individuals.

20. Following an SEC examination of MAM and MAMF in 2014, the SEC staff expressed concerns about the loan and advised Defendants that it should be fully disclosed to Fund II investors.

21. Mohlman thereafter continued making incomplete and inaccurate disclosures to investors about the loan. In a September 2015 e-mail, he failed to disclose that the loan was unsecured, that the borrowers were Persons A and B rather than their

business, and other circumstances surrounding the loan. He also misrepresented to Fund II investors that Persons A and B had made timely payments on the loan. In fact, Persons A and B were late with several payments.

22. Only after Mohlman learned of the underlying SEC investigation in this matter did he finally make full and accurate disclosures to Fund II investors about the loan and cause MAM to repurchase from Fund II the loan's remaining balance (approximately \$61,000).

23. Mohlman, through MAMF, used Fund II assets to pay others' expenses, for which Fund II received no benefit. First, from approximately December 2012 through September 2015, Mohlman, through MAMF, used Fund II assets to pay a portion of MAMF's monthly compliance-related expenses totaling approximately \$2,052. Second, in 2014, Mohlman, through MAMF, used Fund II assets to pay certain obligations of Fund I totaling approximately \$15,000. Third, in 2014, Mohlman, through MAMF, used Fund II assets to repay a portion of MAM's obligation to one of its advisory clients. While Defendants partially repaid Fund II these amounts by 2015, with the exception of approximately \$862 in compliance-related expenses, they did so only after the SEC's staff had been onsite at MAMF's office and asked Mohlman follow-up questions about the transactions.

24. While Fund II's Operating Documents set forth certain permitted expenses that could be borne by the fund, none of the payments set forth above were among such permitted expenses. Mohlman never disclosed these payments to Fund II's investors.

Mohlman's and MAM's Roth IRA Tax Strategy

25. In July 2013, Mohlman began marketing a new product to MAM's current and prospective advisory clients. He called it a "Roth IRA strategy." He described it as a process that allowed for unlimited, tax-free transfers from traditional Investment Retirement Accounts and retirement plans into a Roth IRA account under his and MAM's management.

26. He assured current and prospective clients that the program had been vetted and blessed by several tax and legal experts. In an email, Mohlman told approximately 80 of the advisory clients that "We have the required tax and legal opinions to launch the strategy to allow tax free transfers from taxable accounts to tax free Roth accounts."

27. Advisory clients apparently liked what they heard. Several signed up for the program and funded a self-directed IRA account that Mohlman opened on their behalf.

28. But there were no "tax and legal opinions" endorsing Mohlman's and MAM's IRA tax strategy. On the contrary, a principal of an accounting firm heard of Mohlman's claim that the firm had endorsed the strategy. He told Mohlman to cease-and-desist from making such claims. The principal wrote: "In no way... am I recommending this product and would appreciate you and your company leaving our firm's name out of anything in your future communications. We do not endorse the proposed idea."

29. Mohlman continued misrepresenting to advisory clients that his IRA tax strategy had been vetted and approved by numerous accounting firms and law firms. He did so notwithstanding the fact that no law firm or accounting firm ever endorsed or approved Mohlman's IRA tax strategy.

Mohlman's and MAMF's Undisclosed Advisory Fees Earned By Defendants Stemming From Fund II's Transaction With A Third-Party

30. MAMF and Mohlman used Fund II proceeds, amounting to approximately \$50,000, to purchase securities from Person C at a premium. In return, Person C agreed to become an advisory client of Mohlman and MAM. As an advisory client, Person C ultimately paid MAM more than \$100,000 in advisory fees, which it shared with Fund II.

31. Mohlman did not disclose to Fund investors the advisory fees paid to MAM from Person C in exchange for his sale of securities to Fund II, prior to engaging Fund II in the transaction. He also did not disclose such information in the Fund II Updates. Nor was such information reflected in the fund's audited financial statements.

32. Mohlman did not disclose to investors the fee-sharing arrangement with Person C or the agreement—as part of the overall transaction—that Person C become an MAM advisory client until he learned of the SEC's underlying investigation in this matter. Fund investors never consented to these agreements.

Mohlman's and MAM's Undisclosed Financial Conflict of Interest

33. As noted above, in 2014, MAM's custodian terminated its relationship with MAM following its investigation into Mohlman's and MAM's Roth IRA investment strategy. Mohlman misrepresented to clients that this development arose because of “changing the requirements for managers to custody assets.”

34. Mohlman found a new custodian (“Custodian A”) who, in exchange for MAM's business, provided him with what they characterized as a “loan” for \$91,770. The transaction incentivized Mohlman and MAM to maintain MAM's relationship with Custodian A for at least three years. Pursuant to its terms, each year the MAM relationship

with Custodian A continued, Custodian A would forgive a third of the principal and interest on the “loan.” By the end of Year 3, the entire “loan” was forgiven, giving Mohlman unfettered entitlement to the \$91,770.

35. Mohlman and MAM did not disclose this side deal to advisory clients, either in the Fund II Updates, or in MAM’s Form ADV and accompanying brochures, prior to recommending Custodian A to advisory clients. Instead Mohlman told them, “the best solution would be [Custodian A]. Get the lowest cost, most technology tools, and internal integration of Advisors and Brokerage accounts.”

36. To pressure clients to switch to Custodian A, Mohlman told them that their accounts with the previous custodian would be frozen unless a new manager was chosen. Mohlman finally disclosed the loan in October 2014 in MAM’s updated Form ADV, after certain clients already had switched their accounts to Custodian A.

Defendants Are Investment Advisers

37. During the relevant period, Mohlman managed Fund I’s and Fund II’s investments and made all final investment decisions for the funds. He also made investment decisions for MAM’s individual advisory clients. Mohlman further controlled and was the direct owner of MAM and MAMF. He served as MAM’s President and CCO, and as MAMF’s Managing Member and CCO. He is still employed by MAM. Mohlman’s salary necessarily flows from fees paid by advisory clients and by those who invest in Fund I and Fund II.

38. During the relevant period, MAMF, as the investment adviser and Manager of Fund II, made the investment decisions for Fund II. The fund invested primarily in

securities. Fund II's Offering Documents stated that Fund II would pay a management fee to MAMF.

39. During the relevant period, MAM made investment decisions for its advisory clients. It invested primarily in securities on their behalf and received a management fee as a result.

Fund I and Fund II Are Pooled Investment Vehicles

40. During the relevant period, Fund I and Fund II were "pooled investment vehicles" under Rule 206(4)-8(b) [17 CFR § 275.206(4)-8(b)] because, among other things, each held itself out as being engaged primarily in the business of investing, reinvesting, or trading in securities.

COUNT I

**Violations of Advisers Act Sections 206(1) and 206(2)
(Against All Defendants)**

41. Paragraphs 1 through 40 are realleged and incorporated by reference.

42. At all times relevant to this Complaint, Defendants MAMF and Mohlman acted as investment advisers to Fund II and Defendants MAM and Mohlman acted as investment advisers to individual advisory clients.

43. At all times alleged in this Complaint, Defendants, while acting as investment advisers, by use of the mails, and the means and instrumentalities of interstate commerce, directly or indirectly, recklessly: (a) employed devices, schemes or artifices to defraud its clients or prospective clients; and (b) engaged in transactions, practices and courses of business which have operated as a fraud or deceit upon their clients or prospective clients.

44. MAM and Mohlman violated Sections 206(1) and 206(2) of the Advisers Act by misrepresenting to current and prospective clients that law firms and accounting firms had vetted and approved the Roth IRA strategy (as discussed in Paragraphs 25 through 29); and by failing to disclose the forgivable loan Custodian A provided to Mohlman, (Paragraphs 33 through 36).

45. MAMF and Mohlman violated Sections 206(1) and 206(2) of the Advisers Act by misusing Fund II's assets to pay the liabilities of others (as discussed in Paragraphs 23 through 24); by using Fund II's assets to loan money to Persons A and B (Paragraphs 19 through 22); and by causing Fund II to purchase shares from Person C in exchange for Person C becoming Mohlman's and MAM's advisory client (Paragraphs 30 through 32).

46. The transactions with Persons A, B, and C constituted a fraud on Fund II, because Defendants misused Fund assets and engaged Fund II in transactions that were inconsistent with provisions in its Offering Documents.

47. MAM and Mohlman acted unreasonably when they misrepresented to clients that they had received accounting and legal approval of the Roth IRA strategy. As noted above, Mohlman had received e-mails from at least one accountant disavowing the strategy. No other accountant or law firm approved or endorsed the strategy. MAM and Mohlman therefore violated Section 206(2) by negligently misrepresenting that they had legal and accounting approval of the strategy.

48. Further, MAM and Mohlman acted unreasonably by failing to disclose timely the financial conflict of interest created by the "loan" Mohlman had received from Custodian A in exchange for MAM and his clients using that custodian for custody and

brokerage services. Custodian A had supplied Mohlman with information and sample language for disclosing the “loan.” Yet he negligently delayed doing so until several months after clients began using the custodian. MAMF and Mohlman therefore violated Section 206(2).

49. MAMF and Mohlman acted unreasonably by disregarding the language in Fund II’s Offering Documents and using Fund assets to pay the expenses set forth above. MAMF and Mohlman failed to seek advice from any outside party as to whether the expenses could be charged to Fund II. MAMF and Mohlman therefore violated Section 206(2) by negligently overcharging Fund II for improper expenses.

50. MAMF and Mohlman acted unreasonably by ignoring the language in Fund II’s Offering Documents that set forth the types of investments in which Fund II could engage. They also acted unreasonably when they failed to disclose the potential undisclosed conflicts to Fund II. On information and belief, neither MAMF nor Mohlman sought advice about whether the transactions met the investment guidelines set forth in the Offering Documents, or whether the transactions presented any type of conflict requiring disclosure. MAMF and Mohlman therefore violated Section 206(2) by negligently using Fund II’s assets to purchase shares at a premium from Person C, and by executing loan documents with Persons A and B for a \$150,000 unsecured loan, which were inaccurately characterized as being made to their company.

COUNT II

**Violations of Section 206(4) and Rule 206(4)-8 of the Advisers Act
(Against Defendants Mohlman Asset Management Fund, LLC
and Mohlman)**

51. Paragraphs 1 through 40 are realleged and incorporated by reference.

52. At all times relevant to this Complaint, Defendants MAMF and Mohlman acted as investment advisers to Fund II and Defendants MAM and Mohlman acted as investment advisers to individual advisory clients.

53. Defendants MAMF and Mohlman, with knowledge, recklessness, or negligence, and while acting as investment advisers to a pooled investment vehicle and otherwise, by the use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, engaged in acts, practices, or courses of business which were fraudulent, deceptive, or manipulative, in that they:

- a. made untrue statements of material fact and omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading to an investor or prospective investor in the pooled investment vehicle; or
- b. otherwise engaged in acts, practices, or courses of business that were fraudulent, deceptive, or manipulative with respect to an investor or prospective investor in the pooled investment vehicles.

54. MAMF and Mohlman misled Fund II investors regarding the nature, value or status of the transaction discussed in Paragraphs 30 through 32 of this Complaint. Between December 2012 and April 2015, the Fund II Updates never fully disclosed Mohlman's arrangement with Person C. Fund II's 2013 audited financial statements also failed to fully disclose Mohlman's arrangement with Person C.

55. Further, in the August 2013, May 2014, and June 2015 Fund II Updates, Mohlman misrepresented that Fund II had made a \$150,000 bridge loan to an entity for raw materials. In fact, it was a personal, unsecured loan to Persons A and B rather than to Person A and B's company. Fund II's 2013 audited financial statements identified the company as the loan recipient, rather than those individuals.

56. Mohlman's material omissions concerning these transactions made his updates to investors, and the audited financial statements, misleading.

57. Mohlman was the primary person involved in facilitating and executing these transactions. He interacted with the accountant who audited the funds, providing information concerning these transactions. He also prepared the updates sent to Fund II's investors.

58. By engaging in the conduct described above, Defendants violated, and unless enjoined will in the future violate, Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder [15 U.S.C. § 80b-6(4), 17 C.F.R. § 275.206(4)-8].

COUNT III

Violations of Section 206(4) and Rule 206(4)-2 of the Advisers Act (Against Defendant Mohlman Asset Management Fund, LLC)

59. Paragraphs 1 through 40 are realleged and incorporated by reference.

60. At all times relevant to this Complaint, MAMF acted as an investment adviser to the investors in Fund II. For the reasons set forth above, including in Paragraph 12, MAMF and Mohlman had custody of client assets.

61. Among other things, the "custody rule" requires that client assets under the

custody of an adviser must be subject to verification by a surprise examination at least once per year, occurring at different times every year, by an independent public accountant. 17 C.F.R. § 275.206(4)-2(a)(4). The custody rule alternatively provides that an adviser to a pooled investment vehicle, like MAMF, will be deemed to have satisfied the surprise examination requirement if, instead of submitting to the surprise examination, it distributes financial statements audited by an independent public accountant that were prepared in accordance with GAAP to fund investors within 120 days of the end of its fiscal year. § 275.206(4)-2(b)(4). GAAP, in turn, requires investment companies to carry the investments and loans at fair value. MAMF chose the second option.

62. By supplying financial statements to investors that did not comply with GAAP, and by failing to supply financial statements within the required timeframe, MAMF willfully violated Section 206(4) of the Advisers Act, 15 U.S.C. § 80b-6(4), and Rule 206(4)-2 thereunder, 17 C.F.R. § 275.206(4)-2.

COUNT IV

**Violations of Section 206(4) and Rule 206(4)-7 of the Advisers Act
(Against Defendants Mohlman Asset Management, LLC
and Mohlman Asset Management Fund, LLC)**

63. Paragraphs 1 through 40 are realleged and incorporated by reference.

64. At all times relevant to this Complaint, Defendants MAMF and Mohlman acted as investment advisers to Fund II and Defendants MAM and Mohlman acted as investment advisers to individual advisory clients.

65. Section 206(4) of the Advisers Act [15 U.S.C. §80b-6(4)] provides that it is unlawful for an investment adviser to engage in an act, practice, or course of business which is fraudulent, deceptive, or manipulative. It further states that the SEC shall issue rules to define and prescribe measures to prevent such misconduct. Rule 206(4)-7 issued under the Advisers Act [17 C.F.R. §275.206(4)-7] requires investment advisers to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules. Investment advisers must also review the adequacy of those policies and procedures and the effectiveness of their implementation, at least annually.

66. From approximately 2011 to October 2015, MAM and MAMF failed to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and SEC rules promulgated under the Act.

67. MAM and MAMF were the focus of SEC exams in 2010 and 2014. Following both exams the SEC staff identified deficiencies in the MAM and MAMF's compliance programs.

68. Yet both compliance programs continued to be deficient. For example, while MAMF had a compliance manual in 2011, Mohlman, as MAMF's CCO, did not perform any work on MAMF's compliance program between 2011 to the present. MAMF's 2011 compliance manual was in effect during the relevant period, but did not contain procedures adequately tailored to MAMF's role as the adviser to Funds I and II.

69. Similarly, Mohlman, as MAM's CCO, did not make any substantive changes to MAM's compliance manuals between 2011 and 2015. In October 2015, he

engaged a compliance consultant to improve MAM's compliance program, as a result of which Mohlman updated MAM's compliance manual to include new policies and procedures.

70. But MAM failed to adhere to its own manual. For example, the manual mandated procedures for handling possible conflicts of interest which MAM failed to implement as set forth in paragraphs 33 through 36. Similarly, while MAMF had a policy regarding custody, it was never implemented.

71. On information and belief, MAMF has conducted no annual compliance reviews, while MAM did so for the first time in 2015.

COUNT V

Violations of Section 207 of the Advisers Act (Against Defendants Mohlman Asset Management, LLC and Mohlman)

72. Paragraphs 1 through 40 are realleged and incorporated by reference.

73. At all times relevant to this Complaint, Defendants MAMF and Mohlman acted as investment advisers to Fund II and Defendants MAM and Mohlman acted as investment advisers to individual advisory clients.

74. On or around May 5, 2014, Mohlman entered into a contract with Custodian A. That contract stated that in exchange for Mohlman providing "gross production of \$399,000," Custodian A would provide him with a forgivable loan in the amount of \$91,770.

75. Item 12 of Form ADV, Part 2A, requires advisers to describe the factors that are considered in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

76. Item 14.A of Form ADV, Part 2A, requires that, if a non-client provides an economic benefit to an adviser for providing investment advice or other advisory services to the advisers' clients, the adviser must generally describe the arrangement, explain the conflict of interest, and describe how the adviser addresses the conflict of interest.

77. Because the "loan" discussed in Paragraphs 33 through 36 of this Complaint was forgivable, it constituted an economic benefit. A non-client paid it to Mohlman in connection with providing investment advice. Thus, it was required to be disclosed in Part 2A of MAM's Form ADV. Thus, under the Advisers Act section 207, MAM's updated Part 2A – on May 28, May 29, and June 11, 2014 – suffered from material omissions. Mohlman signed and filed each of the Forms ADV, Part 2A, on behalf of MAM.

COUNT VI

Aiding and Abetting Certain Of MAM's and MAMF's Primary Violations (Against Defendant Mohlman)

78. Paragraphs 1 through 40 are realleged and incorporated by reference.

79. Mohlman knowingly or recklessly provided substantial assistance to MAM's and MAMF's violations set forth in Count I, Count II and Count V of the Complaint.

80. Among other things, Mohlman misrepresented to prospective and current advisory clients that he had accounting and legal opinions approving of his Roth IRA investment strategy (as alleged in Paragraphs 25 through 29). He wrote checks and authorized debits from Fund II's bank account to cover Fund I's 2014 capital call obligations, certain of MAMF's compliance fees, and to repay a portion of MAM's

obligation to one of its advisory clients (Paragraphs 23 through 24). Mohlman did not disclose the forgivable “loan” from Custodian A (Paragraphs 33 through 36) in communications with clients concerning using Custodian A for custody and brokerage services, or in Forms ADV, Part 2A, that Mohlman signed and filed on behalf of MAM on May 28, May 29, and June 11, 2014. He made material misstatements and omissions to Fund II investors about the circumstances under which Fund II purchased securities from Person C (Paragraphs 30 through 32), and about the loan Fund II made to Person A and B (Paragraphs 19 through 22).

81. These facts establish Mohlman’s substantial assistance in MAM’s and MAMF’s primary violations. They further establish either his recklessness in not knowing that his role was part of an overall activity that was illegal or improper, or his knowledge that he was substantially assisting in the securities laws violations.

82. Mohlman therefore aided and abetted, and unless restrained and enjoined will continue to aid and abet, MAM’s and MAMF’s violations of Advisers Act Section 206(1), 206(2), Section 206(4) and Rule 206(4)-8 thereunder, and Section 207.

RELIEF REQUESTED

WHEREFORE, Plaintiff United States Securities and Exchange Commission respectfully requests that this Court:

I.

Issue findings of fact and conclusions of law that Defendants Mohlman Asset Management, LLC, Mohlman Asset Management Fund, LLC, and Louis G. Mohlman, Jr. committed the violations charged and alleged herein.

II.

Enter an Order of Permanent Injunction restraining and enjoining Defendants Mohlman Asset Management, LLC, Mohlman Asset Management Fund, LLC, and Louis G. Mohlman, Jr., their officers, agents, servants, employees, attorneys and those persons in active concert or participation with Defendants who receive actual notice of the Order, by personal service or otherwise, and each of them from, directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Sections 206(1) and 206(2), 206(4), and 207 [15 U.S.C. §§ 80b-6(1), 80b-6(2), 80b-6(4), and 80b-6(7)] and Rules 206(4)-2, 206(4)-7, and 206(4)-8 of the Advisers Act 17 C.F.R. §§ 275.206(4)-2, (4)-7, and (4)-8].

III.

Issue an Order requiring Defendants Mohlman Asset Management Fund, LLC, and Louis G. Mohlman, Jr. to disgorge the ill-gotten gains received as a result of the violations alleged in this Complaint, including prejudgment interest.

IV.

With regard to the Defendants Mohlman Asset Management, LLC's, Mohlman Asset Management Fund, LLC's, and Louis G. Mohlman, Jr.'s violative acts, practices and courses of business set forth herein, issue an Order imposing upon Defendants appropriate civil penalties pursuant to Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

V.

Retain jurisdiction of this action in accordance with the principals of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all

orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VI.

Grant such other relief as this Court deems appropriate.

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION**



By: _____

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