

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

**UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,**

**Case No.**

**Plaintiff,**

**v.**

**HON.**

**KIMBERLY SREDICH**

**Defendant.**

**/**

**COMPLAINT**

Plaintiff, the United States Securities and Exchange Commission (“SEC”) alleges as follows:

**SUMMARY OF THE ACTION**

1. The SEC brings this civil law enforcement action to address Defendant Kimberly Sredich’s (“Sredich”) misappropriation of at least \$339,725 from customers of a registered broker-dealer with which she was associated. Many of the customers whose funds Sredich misappropriated were elderly with the majority of the affected customers ranging from 67 to 91 years old.

2. By engaging in this conduct, Sredich violated Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)] thereunder.

3. In connection with this lawsuit, the SEC seeks a permanent injunction against Sredich to enjoin her from future violations of the above-cited provisions of the federal securities laws. The SEC further seeks an order requiring Sredich to pay disgorgement, plus prejudgment interest, of the ill-gotten gains that she received through her fraud, along with the imposition of civil penalties pursuant to Section 21 of the Exchange Act [15 U.S.C. § 78u].

### **JURISDICTION AND VENUE**

4. The Court has jurisdiction over this action pursuant to Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u and 78aa]. Sredich, directly or indirectly, has made use of the means or instrumentalities of interstate commerce, or of the mails, or of any facility of any national securities exchange in connection with the acts, practices, and courses of business alleged herein, and will continue to do so unless enjoined.

5. Venue is proper in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain of the acts, practices and courses of business constituting the violations alleged in this Complaint occurred within the jurisdiction of the United States District Court for the Eastern District of Michigan. In addition, during the relevant time period, Sredich resided and conducted business within the Eastern District of Michigan.

### **THE DEFENDANT**

6. Kimberly Sredich is 42 years old and is a resident of Burton, Michigan. Sredich was employed as a sales assistant at a registered broker-dealer firm. She was terminated on July 6, 2018.

### **FACTS**

7. Kimberly Sredich was a sales assistant to a registered representative associated with a registered broker-dealer firm. In this capacity, Sredich was permitted to communicate directly with brokerage customers and had direct access to customer brokerage accounts.

8. Between August 2014 and June 2018, Sredich misappropriated at least \$339,725 from at least 15 customer brokerage accounts. Most of the brokerage account holders she targeted were elderly people, ranging from 67 to 91 years old.

9. During that time period, Sredich caused at least 41 separate check disbursements, made payable to “Michigan Elite,” to be made from these brokerage accounts. These 41 checks were deposited into a business account at ELGA Credit Union (“ELGA”) that Sredich controlled with her husband.

10. Michigan Elite is an alleged business owned by Sredich and her husband. There is no such business associated with Sredich or her husband registered with the Michigan Secretary of State. Moreover, Michigan Elite does not appear to have any online presence.

11. These disbursements were made without the authorization or consent of Sredich's brokerage customers. Sredich facilitated the disbursements by either forging account holders' signatures or using blank letters of authorization that account holders had previously signed.

12. On multiple occasions, Sredich liquidated securities in customer accounts shortly before she misappropriated the customer funds.

13. After transferring customer funds to the Michigan Elite account, Sredich typically moved those funds to her personal account at ELGA within a few days. Sredich and her husband used these customer funds for numerous personal expenses, including mortgage payments, credit cards bills, fast food, and large cash withdrawals.

14. In at least one case, Sredich unsuccessfully tried to convince an elderly customer to sign a letter stating that the customer agreed to the withdrawals and transfers after her misconduct came to the attention of the broker-dealer firm that she was associated with.

### **COUNT ONE**

#### **Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78 j(b)] and Rules 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)]**

15. The SEC realleges and incorporates by reference paragraphs 1 through 14.

16. Sredich, directly or indirectly, by the use of the means and instrumentalities of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of securities, knowingly or recklessly, used or employed devices, schemes, and artifices to defraud; and engaged in acts, practices, and courses of business which operated, or would operate, as a fraud and deceit upon her brokerage customers.

17. Sredich knowingly or recklessly engaged in fraudulent conduct described above.

18. By engaging in the conduct described above, Sredich has violated, and unless restrained and enjoined, will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)] thereunder.

### **RELIEF REQUESTED**

**WHEREFORE**, Plaintiff respectfully requests that this Court grant the following relief:

#### **I.**

Enter an Order finding that Sredich committed, and unless restrained, will continue to commit, the violations alleged in this Complaint;

**II.**

Permanently restrain and enjoin Sredich from, directly or indirectly, violating of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5 (a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)] thereunder;

**III.**

Order Sredich to disgorge the ill-gotten gains that she received as a result of the violations alleged in this Complaint, plus prejudgment interest;

**IV.**

Order Sredich to pay civil penalties pursuant to Section 21 of the Exchange Act [15 U.S.C. § 78u];

**V.**

Retain jurisdiction of this action in accordance with the principles 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 applications or motions for additional relief within the Court's jurisdiction; and

**VI.**

Such other and further relief as the Court deems necessary and appropriate.

**JURY DEMAND**

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiff hereby requests a trial by jury on all issues so triable.

Dated: April 18, 2019

Respectfully Submitted,

**UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION**

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