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**UNITED STATES DISTRICT COURT**  
**EASTERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**-against-**

**ROGER NILS-JONAS KARLSSON (a/k/a  
EUCLID DIODORUS, STEVE HEYDEN,  
JOSHUA MILLARD, AND LARS  
GEORGSSON),**

**Defendant.**

**COMPLAINT**

**20 Civ. \_\_\_\_\_ ( )**

**JURY TRIAL DEMANDED**

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Defendant Roger Nils-Jonas Karlsson (a/k/a Euclid Diodorus, Steve Heyden, Joshua Millard, and Lars Georgsson) (“Karlsson”), alleges as follows:

## SUMMARY

1. This case involves a massive global online offering fraud targeting thousands of retail investors perpetrated by Karlsson through his entity Eastern Metal Securities (“EMS”). Karlsson, a Swedish national who resided in Thailand, enticed and defrauded investors, including members of the deaf community, of millions of dollars in the United States and around the world with the fanciful promise of astronomical returns resulting from nominal investments in securities, the offer or sale of which neither Karlsson nor EMS registered with the Commission, or which qualified for an exemption from registration.

2. From on or about November 27, 2012 to on or about June 19, 2019, through EMS’s website, Karlsson orchestrated a fraudulent scheme in which he offered and sold an investment called a “Pre Funded Reversed Pension Plan” (“PFRPP”) that claimed to be the world’s first online investment of such type. The EMS website boasted that its investment platform was run by “Mr. X,” award-winning economists, and other professionals from South Africa and Switzerland. The EMS website promised a huge “payout” based on the value of gold – entitling investors who purchased PFRPP to an enormous windfall for an initial \$98 investment. Yet no such pre-funded pension plan existed, and no payment of promised returns or repayment of any investors’ investments has occurred.

3. Karlsson defrauded at least 2,200 investors from at least 49 U.S. states, the District of Columbia and Puerto Rico, and at least 45 countries. In the 18-month period beginning from December 2017 through June 2019 alone, investors transmitted more than \$3.5 million to EMS, through digital assets such as Bitcoin, or transferred to other digital asset payment processors such as Perfect Money and C-Gold. Karlsson then misappropriated at least

\$1.5 million in investor funds for his personal use, including investing in real estate in Thailand, during a portion of that period.

### **VIOLATIONS**

4. By virtue of the foregoing conduct and as alleged further herein, Karlsson violated Sections 5(a), 5(c), 17(a)(1), and 17(a)(3) of the Securities Act of 1933 (Securities Act”) [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)(1) and 77q(a)(3)] and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and 10b-5(c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)].

5. Unless Karlsson is restrained and enjoined, he will engage in the acts, practices, transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

### **NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

6. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

7. The Commission seeks a final judgment: (a) permanently enjoining Karlsson from violating the federal securities laws and rules this Complaint alleges he has violated; (b) ordering Karlsson to disgorge his ill-gotten gains and to pay prejudgment interest thereon; (c) ordering Karlsson to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; and (c) ordering any other and further relief the Court may deem just and proper.

### **JURISDICTION AND VENUE**

8. This Court has jurisdiction over this action pursuant to Sections 20(b) and 20(d)

of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

9. Karlsson, directly and indirectly, has made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

10. Venue lies in this District under Section 22(a) of the Securities Act [15 U.S.C. § 78v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within the Eastern District of New York. Through EMS, Karlsson communicated with and received funds from investors located in this District.

#### **DEFENDANT**

11. **Karlsson**, age 46, was born in Sweden and resided in Thailand. During the relevant period to this action, he claimed to be a “System Analysis Manager” in his Thai work permit. Karlsson also used several aliases, including Euclid Diodorus, Steve Heyden, Joshua Millard (“Millard”), and Lars Georgsson (“Georgsson”), in connection with EMS. During the relevant period, Karlsson controlled EMS and received investor funds through EMS.

#### **DEFENDANT’S RELATED ENTITY**

12. **EMS** was an entity that maintained an Internet presence through the website [www.easternmetalsecurities.com](http://www.easternmetalsecurities.com). According to its website, EMS’s headquarters were based in Singapore, with branch offices located in Thailand and Laos.

**FACTS**

**A. KARLSSON PARTICIPATED IN THE UNREGISTERED OFFER AND SALE OF SECURITIES THROUGH THE EMS PFRPP OFFERING.**

*Karlsson Launches the EMS PFRPP Offering*

13. On or about November 27, 2012, Karlsson created the EMS website, www.easternmetalsecurities.com, and registered the website under one of his aliases, “Steve Heyden,” using the email address “euclid.diodorus@gmail.com.” Karlsson operated the EMS website by using and controlling the euclid.diodorus@gmail.com account through an internet service provider in Thailand.

14. The EMS website claimed that EMS consisted of “a group of highly educated and Award Winning Economisers [sic] and Think Tankers from South Africa and Switzerland who have created an unprecedented reputation within many areas of global economy and have represented Nobel Prize winner [sic] within the Economic field the last 7 years.” The website added that “[t]he highly decorated and successful Dr. Steve K. Heyden” was running this investment group.

15. According to the EMS website, EMS claimed to “offer a wide range of single-country, regional and global capabilities across major equity, fixed income and alternative asset classes, delivered through a diverse set of investment vehicles.” The website featured an investment, the PFRPP.

16. The EMS website did not explain what kind of an investment a PFRPP was or how it would generate a return. However, investors were told that an individual named “Mr. X,” allegedly an alias for a high-ranking U.S. Federal Reserve official, was running the PFRPP investment platform.

17. Karlsson, through his aliases, Millard and Georgsson, also provided investment

updates to intermediaries for EMS, who would thereafter pass on the information to investors in periodic investor conference calls, which were available as podcasts.

18. According to the EMS website, investors could directly purchase an initial share in the PFRPP for \$98 and subsequent shares for \$38. Alternatively, the website provided that investors could purchase through intermediaries in the United States for \$150 for the initial share and \$65 for each additional share.

19. To purchase a share, investors needed to exchange their investment proceeds for digital assets such as Bitcoin using digital asset trading platforms, and send their digital assets to EMS Bitcoin deposit addresses provided, or to particular accounts at digital asset payment processors such as Perfect Money or C-Gold, where the investors' digital asset payment processor would purportedly be pooled together for investment purposes.

20. The EMS website stated that each \$98 share or interest in the PFRPP would entitle the purchaser to a payout of 1.15kg of gold (valued at tens of thousands of dollars during the period in which the website operated). The risk of loss was "totally eliminated," the EMS website claimed, because the PFRPP was already funded through a "BG Bank Guaranteed Note." According to the website, the PFRPP accounts "only await[ed] for individuals to put their names on these accounts to be able to benefit from the payout amount."

21. In statements made on the EMS website, as well as during investor conference calls for EMS, investors were urged to wait for their investment to mature (that is, wait for the promised payout), and frequently encouraged to invest more funds in the PFRPP and to recruit new investors. For example, on March 6, 2017, the website invited investors to purchase more shares because whatever they invested between March 7 and April 17, 2017, would be matched by EMS and gifted to someone that the investor would designate – the "Angel Gift."

*The EMS PFRPP Offering Solicited Investors, Including Members of the Deaf Community, in the United States and Worldwide*

22. Karlsson conducted the PFRPP offering through EMS from on or about November 27, 2012 to on or about June 19, 2019. During the offering, the EMS website stated that investors could purchase shares in the PFRPP using Bitcoin or by sending digital assets to the Perfect Money and/or C-Gold accounts. The EMS website, which was accessible in the United States, solicited potential investors from around the world, including in the United States.

23. There were more than 2,200 investors worldwide, including at least 893 investors in the United States, who invested in the PFRPP. Among the PFRPP investors worldwide, at least 847 investors belonged to a group called the “Deaf Group.” Of these 847 Deaf Group investors, at least 367 were U.S. investors.

24. Deaf Group investors used EMS to invest for retirement. Deaf Group members received a discount to invest (compared to others who invested through intermediaries and paid additional service fees) – \$100 for the first share and \$50 for each additional share.

25. The Deaf Group was led by five group leaders who also invested in EMS. Each of these group leaders resided in the United States and was responsible for receiving funds from members of their group, converting those funds to digital assets and electronic payments, and sending the digital assets to EMS on behalf of their members.

26. Since 2015, the Deaf Group sent approximately \$2,030,630 to EMS via Bitcoin and C-Gold.

*The EMS Offer and Sale of PFRPP Was an Offering of Securities*

27. Based upon the foregoing, the PFRPPs offered and sold in the EMS PFRPP offering (the “Offering”) were offered and sold as “investment contracts,” and thus securities within the meaning of Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section

3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

28. No registration statement was ever filed or in effect for the offers and sales of the PFRPP, and no exemption from registration was available for the Offering.

**B. KARLSSON ENGAGED IN DECEPTIVE CONDUCT DESIGNED TO MISLEAD THE PFRPP INVESTORS AND DISSEMINATED MATERIAL MISREPRESENTATIONS TO SELL THE PFRPP.**

29. Karlsson knowingly, recklessly or negligently engaged in deceptive conduct designed to mislead and steal from PFRPP investors. As part of his fraudulent scheme, Karlsson created and operated the EMS website to disseminate material misstatements to promote a non-existent investment, the PFRPP, during the Offering, and thereafter misappropriated at least \$1.5 million in investor funds for his personal use.

*Karlsson Disseminates Material Misrepresentations During the EMS PFRPP Offering*

30. From on or about November 27, 2012 to on or about June 19, 2019, Karlsson disseminated numerous materially false and/or misleading statements on the EMS website, in blog-style posts, and in emails he sent to investors using the aliases Millard and Georgsson. For example, while the EMS website was operating:

a) The EMS website claimed that it was run by “Mr. X,” award-winning economists and other professionals from South Africa and Switzerland. In fact, Karlsson, through his aliases, was running EMS as a fraudulent scheme;

b) The EMS website claimed that EMS offered a range of investments, “delivered through a diverse set of investment vehicles” such as the PFRPP. In fact, EMS had no such investment vehicles and the PFRPP was fictitious;

c) The EMS website claimed that any investor who purchased a share or interest in the PFRPP would be entitled to a payout of 1.15kg of gold – worth more than



several hundred times the initial investment – and that the PFRPP accounts “only await[ed] for individuals to put their names on these accounts to be able to benefit from the payout amount.” In fact, no such payouts occurred; and

d) The EMS website claimed that the risk of loss was “totally eliminated” because the PFRPP was already funded through a “BG Bank Guaranteed Note.” In fact, there is no evidence of such “BG Bank Guaranteed Note” and investors did not receive repayment of any of their investments (including their initial investments).

31. Many of the PFRPP investors were not sophisticated investors and lacked any investment experience other than investing in 401(k) plans and life insurance policies. They viewed EMS as a pension investment or a supplement for their retirement, and believed, based upon the misrepresentations described above, that all they needed to do to receive this guaranteed payout was simply purchase shares in the PFRPP and wait for the investment to mature.

32. When some investors questioned whether the PFRPP investment was truly safe and secure, the EMS website falsely claimed in a December 23, 2017 post from Karlsson’s alias, Millard (who claimed to be based in New York City), that “the Investment security ... [has] actually been increased to 98,75% [sic] of your invested amount, so that’s a security for you thats [sic] real and gives any Investor the peace of mind that the Investment itself can never be lost.”

33. Investors, including those located in this District, made decisions to invest in the Offering because the EMS website promised a large payout, especially relative to the small initial investment, and because the website and the mass emails Karlsson (using the aliases Millard and Georgsson) sent to investors guaranteed that the payout would occur, and that in the event it did not, investors would still receive at least 98.75% of their investment back.

*Karlsson Misappropriates At Least \$1.5 Million in Investor Funds for His Personal Use*

34. For the period of December 2017 through June 2019 alone, approximately \$3,572,252.70 in Bitcoin were sent by EMS investors to EMS deposit addresses on the Bitcoin blockchain. Most of this Bitcoin was ultimately sent to a Thai digital asset trading platform.

35. Karlsson received Bitcoin deposits into a personal account at the same Thai digital asset trading platform that received proceeds from the EMS investor deposits. Karlsson then converted the Bitcoin in his personal account at this platform into Thai Baht, and then transferred the Thai Baht to three bank accounts in his own name.

36. Karlsson misappropriated at least \$1.5 million of such investor funds during a portion of that period for personal use, including investing in real estate in Thailand.

**FIRST CLAIM FOR RELIEF**  
**Violations of Section 10(b) of the Exchange Act and**  
**Rules 10b-5(a) and 10b-5(c) Thereunder**

37. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 36.

38. Karlsson, directly or indirectly, singly or in concert, in connection with the purchase or sale of securities and by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, (a) knowingly or recklessly has employed one or more devices, schemes, or artifices to defraud and (b) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

39. By reason of the foregoing, Karlsson, directly or indirectly, singly or in concert, has violated and, unless enjoined, will again violate Section 10(b) [15 U.S.C. § 78j(b)] of the Exchange Act and Rules 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)].

**SECOND CLAIM FOR RELIEF**

**Violations of Sections 17(a)(1) and 17(a)(3) of the Securities Act**

40. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 36.

41. Karlsson, directly or indirectly, singly or in concert, in the offer or sale of securities and by the use of the means or instruments of transportation or communication in interstate commerce or the mails, (1) knowingly or recklessly have employed one or more devices, schemes or artifices to defraud and (2) knowingly, recklessly, or negligently have engaged in one or more transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

42. By reason of the foregoing, Karlsson, directly or indirectly, singly or in concert, has violated and, unless enjoined, will again violate Sections 17(a)(1) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(1) and 77q(a)(3)].

**THIRD CLAIM FOR RELIEF**

**Violations of Sections 5(a) and 5(c) of the Securities Act**

43. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 36.

44. Karlsson directly or indirectly, singly or in concert, (i) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement was in effect; (ii) for the purpose of sale or for delivery after sale, carried or caused to be carried through the mails or in interstate commerce, by any means or instruments of transportation, securities as to which no registration statement was in effect; or (iii) made use of means or instruments of transportation or communication in interstate commerce or of the mails

to offer to sell or offer to buy, through the use or medium of a prospectus or otherwise, securities as to which no registration statement had been filed.

45. By reason of the foregoing, Karlsson, directly or indirectly, singly or in concert, has violated and, unless enjoined, will again violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

### **PRAYER FOR RELIEF**

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

#### **I.**

Permanently enjoining Karlsson and his agents, servants, employees and attorneys and all persons in active concert or participation with any of them from violating, directly or indirectly, Sections 5(a), 5(c), 17(a)(1), and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)(1), and 77q(a)(3)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and 10b-5(c) thereunder [17 C.F.R. § 240.10b-5(a) and 10b-5(c)];

#### **II.**

Ordering Karlsson to disgorge all ill-gotten gains he received directly or indirectly, with prejudgment interest thereon, as a result of the alleged violations;

#### **III.**

Ordering Karlsson to pay civil monetary penalties under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; and

**IV.**

Granting any other and further relief this Court may deem just and proper.

**DEMAND FOR JURY TRIAL**

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action issues so triable.

Dated: New York, New York  
September 29, 2020

Respectfully submitted,

/s/ Richard R. Best

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