

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

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

v.

Case No.

Hon.

MARK L. HOPKINS,

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 Mark L. Hopkins’ (“Hopkins”) misappropriation of at least \$1.15 million from at least five customers of the brokerage with which he was associated. Hopkins represented that he would invest their funds in an investment program at a local credit union, when in actuality no such program existed. Rather than investing the customer funds, Hopkins deposited them into an account he controlled at the credit union and misappropriated them.

2. By engaging in this conduct, Hopkins violated Sections 17(a)(1), (2), and (3) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)(1), (2), and (3)]; and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5(a), (b), and (c) thereunder [17 C.F.R. 240.10b-5(a), (b), and (c)].

3. In connection with this lawsuit, the SEC seeks a permanent injunction against Hopkins to enjoin him from future violations of the above-cited provisions of the federal securities laws. The SEC further seeks an order requiring Hopkins to pay disgorgement, plus prejudgment interest, of the ill-gotten gains that he received through his fraud, along with the imposition of civil 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)].

JURISDICTION AND VENUE

4. The Court has jurisdiction over this action pursuant to Sections 21(d) and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78aa] and Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v]. Hopkins, 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 22(a) of the Securities Act [15 U.S.C. § 77v] and Section 27(a) 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, Hopkins resided and conducted business within the Eastern District of Michigan.

THE DEFENDANT

6. Mark L. Hopkins is a 53 year old resident of Clarkston, Michigan. He was a registered representative associated with a brokerage until December 2018. Hopkins operated out of an office of the brokerage in Grand Blanc, Michigan. He held FINRA Series 7 and 63 licenses.

FACTS

7. Beginning in at least 2017, Hopkins began approaching his brokerage customers about a new investment opportunity at the local credit union involving the opening of a new branch office.

8. This investment opportunity was fictitious, however. The local credit union offered no such investment program (“Investment Program”).

9. In August 2017, Hopkins approached three of his brokerage customers, a married couple in their mid-60s, and an individual who was 87 years

old, about the alleged Investment Program. As described by Hopkins, the alleged investment would have been relatively short-term, no more than six to nine months, and would return a six to seven percent profit.

10. These customers agreed to invest \$250,000 and \$500,000, respectively, in the Investment Program. They wrote checks for these amounts made out to the local credit union and sent the checks to Hopkins.

11. Rather than investing these funds in the nonexistent Investment Program, Hopkins deposited them directly into an account that he controlled at the local credit union.

12. Hopkins later provided these customers with falsified account statements.

13. As the six-month mark approached, one of the investors began questioning Hopkins about the return of his principal.

14. Around that same time, Hopkins renewed his attempts to convince additional customers to invest in the fictitious Investment Program.

15. Accordingly, in May 2018, Hopkins approached a second set of brokerage customers, a married couple who were also in their mid-60s, to discuss withdrawing the funds in their brokerage account and using that money to invest in the Investment Program. Hopkins informed them that they would make a six to seven percent profit in approximately nine months.

16. These new investors agreed to make this purported investment, and Hopkins sold all of the securities in their brokerage account. On June 1, 2018, Hopkins facilitated the direct transfer of \$400,000 from their brokerage account to the same account he controlled at the credit union.

17. On June 12, 2019, Hopkins issued a check from that account to one of the initial investors in the amount of \$267,500, which represented the principal and interest he was promised.

18. The brokerage became aware during July 2018 that the check from the second set of investors' brokerage account was not sent directly to them, but rather was directed to the local credit union.

19. Hopkins informed the brokerage that those investors had authorized him to invest that money directly in another product unrelated to those offered by the brokerage.

20. The brokerage instructed Hopkins to return the funds directly to the second set of investors. Accordingly, on or about August 2, 2018, Hopkins presented those investors with a copy of a falsified cashier's check for \$400,000 made out to them. He told them that the brokerage wanted him to return this money to them, but that he recommended keeping it invested in the credit union. Because they trusted him, these investors agreed to keep their money in the purported Investment Program. At Hopkins' direction, these investors signed a

document falsely stating that he had repaid them the \$400,000.

21. The second set of investors became suspicious of Hopkins sometime after this when they did not receive any account statements reflecting their purported investment with the credit union. In the fall of 2018, they repeatedly asked Hopkins for documentation of their investment.

22. On January 10, 2019, Hopkins presented the second set of investors with a falsified statement from the credit union, reflecting their \$400,000 investment.

23. When the investors expressed concern about the legitimacy of the statement, Hopkins told them his contact at the credit union was out of town, but that he would obtain additional documentation the following week. Hopkins stopped responding to their requests after this conversation and never returned their money.

24. Around this same time, an initial individual investor who had given Hopkins \$500,000 began contacting Hopkins about the return of her investment. Hopkins never returned that money or paid any interest on it.

COUNT I
Violation of Section 17(a)(1) of the Securities Act

25. The SEC realleges and incorporates by reference paragraphs 1 through 24 as though fully set forth herein.

26. By engaging in the conduct described above including offering his

brokerage customers an investment opportunity that did not exist and misappropriating the money that they gave him for the purported investment, Hopkins in the offer or sale of securities, by use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, employed devices, schemes, and artifices to defraud.

27. Hopkins acted with scienter in that he knowingly engaged in the fraudulent conduct described above.

28. By reason of the foregoing, Hopkins violated and unless restrained and enjoined, will continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II
Violation of Section 17(a)(2) of the Securities Act

29. The SEC realleges and incorporates by reference paragraphs 1 through 24 as though fully set forth herein.

30. By engaging in the conduct described above including making false and misleading verbal statements and making false and misleading statements in fabricated account statements, Hopkins in the offer or sale of securities, by use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, obtained money or property by means of any untrue statement of a material fact and any omission to state a material fact necessary in order to make the statements made, in light of the

circumstances under which they were made, not misleading.

31. Hopkins acted with scienter, or at least negligently, in that he knowingly engaged in the fraudulent conduct described above.

32. By reason of the foregoing, Hopkins violated and unless restrained and enjoined, will continue to violate, Sections 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

COUNT III
Violation of Section 17(a)(3) of the Securities Act

33. The SEC realleges and incorporates by reference paragraphs 1 through 24 as though fully set forth herein.

34. By engaging in the conduct described above including offering his brokerage customers an investment opportunity that did not exist and misappropriating the money that they gave him for the purported investment, Hopkins in the offer or sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, engaged in transactions, practices, and courses of business which operated or would operate as a fraud or deceit upon the purchasers of such securities.

35. Hopkins acted with scienter, or at least negligently, in that he knowingly engaged in the fraudulent conduct described above.

36. By reason of the foregoing, Hopkins violated and unless restrained

and enjoined, will continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

COUNT IV
**Violation of 10(b) of the Exchange Act
and Exchange Act Rule 10b-5**

37. The SEC realleges and incorporates by reference paragraphs 1 through 24 as though fully set forth herein.

38. By engaging in the conduct described above including offering his brokerage customers an investment opportunity that did not exist and misappropriating the money that they gave him for the purported investment, and making false and misleading verbal statements and making false and misleading statements in fabricated account statements, Hopkins in connection with the purchase or sale of securities, by the use of any means or instrumentalities of interstate commerce or by the use of the mails, or any national securities exchange, directly and indirectly used and employed devices, schemes, and artifices to defraud; made untrue statements of material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in acts, practices, and courses of business which operated or would have operated as a fraud or deceit upon his brokerage customers.

39. Hopkins acted with scienter in that he knowingly engaged in the

fraudulent conduct described above.

40. By reason of the foregoing, Hopkins violated, and unless restrained and enjoined, will continue to violate, 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].

RELIEF REQUESTED

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

I.

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

II.

Permanently restrain and enjoin Hopkins from, directly or indirectly, violating 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; and Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

III.

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

IV.

Order Hopkins to pay civil penalties pursuant to Section 21(d)(3) of the

Exchange Act [15 U.S.C. § 78u(d)(3)]; and Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)];

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: July 24, 2020

Respectfully Submitted,

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION**

/s/ Sarah E. Hancur

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