

**COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108**

| | | |
|--------------------------------|---|------------------------|
| IN THE MATTER OF: |) | |
| |) | |
| |) | |
| RONALD J. LEGER, JR., |) | |
| NEW ENGLAND ALTERNATIVE |) | |
| INVESTMENTS, INC., AND |) | |
| NEW ENGLAND LIFE SETTLEMENT |) | |
| FUND I MANAGEMENT COMPANY LLC, |) | |
| |) | |
| RESPONDENTS. |) | Docket No. E-2018-0069 |
| |) | |

ADMINISTRATIVE COMPLAINT

I. PRELIMINARY STATEMENT

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the “Enforcement Section” and the “Division,” respectively) files this Administrative Complaint (the “Complaint”) to commence an adjudicatory proceeding against Ronald J. Leger, Jr., New England Alternative Investments, Inc., and New England Life Settlement Fund I Management Company LLC (collectively, “Respondents”) for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (the “Act”), and the regulations promulgated thereunder at 950 MASS. CODE REGS. 10.00 – 14.413 (the “Regulations”). The Enforcement Section alleges that Respondents engaged in acts and practices in violation of Section 201 of the Act and Regulations.

The Enforcement Section seeks an order: 1) finding as fact the allegations set forth below; 2) finding that all the sanctions and remedies detailed herein are in the public interest

and necessary for the protection of Massachusetts investors; 3) requiring Respondents to permanently cease and desist from further conduct in violation of the Act; 4) censuring Respondents; 5) requiring Respondents to provide a verified accounting of all direct or indirect compensation or remuneration received by Respondents in connection with the alleged wrongdoing; 6) requiring Respondents to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 7) requiring Respondents to provide restitution to fairly compensate investors for those losses attributable to the alleged wrongdoing; 8) permanently barring Respondents New England Alternative Investments, Inc. and New England Life Settlement Fund I Management Company Llc. from registering in Massachusetts or conducting business in Massachusetts as an investment adviser required to be registered, an investment adviser exempt from registration, a federal covered adviser notice-filed in Massachusetts, an entity relying on an exclusion from the definition of investment adviser, a broker-dealer, or an issuer of securities; 9) permanently barring Respondent Ronald J. Leger Jr. from associating or registering in Massachusetts in any capacity with any investment adviser required to be registered, any investment adviser exempt from registration, a federally covered adviser notice-filed in Massachusetts, any entity relying on any exclusion from the definition of investment adviser, a broker-dealer, or an issuer of securities; 10) permanently barring Respondents from offering or selling securities to any Massachusetts resident; 11) permanently barring Respondents from acting as a manager, director, officer, partner, and/or control person of any entity offering or selling securities to any Massachusetts resident; 12) imposing an administrative fine on Respondents in an amount and upon such terms and conditions as the Director or Presiding Officer may determine; and

13) taking any such further action which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

II. SUMMARY

Ronald J. Leger Jr. (“Leger”) began his career as a certified public accountant in 1987. By 1994 Leger had a master’s degree in taxation, had founded Leger and Associates, P.C., and was providing taxation and accounting services to Massachusetts residents. However, in 2010, Leger expanded his businesses beyond what he was allowed to do by law when he began selling Life Partners, Inc. (“LPI”) life settlements.

A life settlement, also known as a viatical, is an investment product based on a life insurance policy. If the holder of a life insurance policy either needs immediate funds or can no longer pay the premiums, the holder sells the policy at a discount. The buyer must pay the premiums, but receives the full payout on the policy when the original holder passes away. The buyer receives a positive return if the total premiums they pay amount to less than the payout they receive upon the original holder’s passing. LPI is a company that underwrites unwanted life insurance policies, estimates their likelihood of return, and mediates the sale of fractions of the life settlement to interested investors. LPI charges a fee for these services. LPI finds customers through the use of licensees, and the licensees receive a commission from LPI in exchange for directing investors to LPI services.

Leger became aware of LPI in 2008 from a client of his accounting business, and by 2010 was a licensee of LPI. Leger founded a new company, New England Alternative Investments, Inc. (“NEAI”) for the express purpose of selling Life Settlements. Through NEAI, Leger sold at least \$3,734,624 fractional interests in LPI life settlements to at least 29 investors in the United States. Specifically, NEAI and Leger sold \$2,558,282.33 worth

of LPI life settlements and received at least \$146,790 in commissions from LPI for the sale of LPI securities to Massachusetts investors.

Emboldened by his success, Leger founded three investment funds: New England Life Settlement Fund I, L.P. (“Fund I”), New England Life Settlement Fund II, L.P. (“Fund II”), and New England Life Settlement Fund III, L.P. (“Fund III”) (collectively, the “Funds”), along with New England Life Settlement Fund I Management Company, LLC (“Fund Management LLC”). Leger through Fund Management LLC would advise the funds by choosing LPI life settlements in which to invest, and would sell partnership interests in the funds through private placements. Leger and Fund Management LLC have issued and sold at least \$2,006,905 worth of limited partnership interests to at least 40 investors. Neither Leger, nor Fund Management LLC, nor NEAI have been registered in any capacity in the securities industry. In addition, Leger failed to register the Funds and the limited partnership interests issued by the Funds with the Division in violation of Massachusetts securities laws.

With this action, the Enforcement Section seeks to prevent further harm to Massachusetts investors by Respondents.

III. JURISDICTION AND AUTHORITY

1. As provided for by the Act, the Division has jurisdiction over matters relating to securities pursuant to chapter 110A of Massachusetts General Laws.
2. The Enforcement Section brings this action pursuant to the authority conferred upon the Division by Section 407A of the Act, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and the Regulations.

3. This proceeding is brought in accordance with Sections 201 and 407A of the Act and its Regulations.

4. The Enforcement Section reserves the right to amend this Complaint and bring additional administrative complaints to reflect information developed during the current and ongoing investigation.

IV. RELEVANT TIME PERIOD

5. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of January 1, 2008 to the present date (the “Relevant Time Period”).

V. RESPONDENTS

6. Ronald J. Leger, Jr. (“Leger”) is a resident of Sterling, Massachusetts, and is the founder, president, and sole principle of Ronald Leger Jr., CPA, PC, New England Alternative Investments, Inc., and New England Life Settlement Fund I Management Company LLC. Leger has never been registered in the securities industry in any capacity.

7. New England Alternative Investments, Inc. (“NEAI”) is a Massachusetts corporation formed on April, 19, 2010, with a current business address of 680 Mechanic Street, Suite 140, Leominster, Massachusetts 01453. Leger is the sole officer and director of NEAI. NEAI has never been registered in the securities industry in any capacity.

8. New England Life Settlement Fund I Management Company, LLC (“Fund Management LLC”) is a Delaware limited liability company formed on March 15, 2011, and is the general partner of New England Life Settlement Fund I, L.P., New England Life Settlement Fund II, L.P., and New England Life Settlement Fund III, L.P. (collectively, the

“Funds”). Leger is the general partner and manager of Fund Management LLC. Fund Management LLC has never registered in the securities industry in any capacity.

VI. RELATED ENTITIES

9. New England Life Settlement Fund I, L.P. (“Fund I”) is a Delaware limited partnership organized in 2011 with a current business address of 680 Mechanic Street, Suite 140, Leominster, Massachusetts 01453. Leger is the sole officer and director of Fund I, and Fund Management LLC is the sole general partner of Fund I.

10. New England Life Settlement Fund II, L.P. (“Fund II”) is a Delaware limited partnership organized in 2011 with a current business address of 680 Mechanic Street, Suite 140, Leominster, Massachusetts 01453. Leger is the sole officer and director of Fund II, and Fund Management LLC is the sole general partner of Fund II.

11. New England Life Settlement Fund III, L.P. (“Fund III”) is a Delaware limited partnership organized in 2013 with a current business address of 680 Mechanic Street, Suite 140, Leominster, Massachusetts 01453. Leger is the sole officer and director of Fund III, and Fund Management LLC is the sole general partner of Fund III.

12. Ronald Leger Jr., CPA, PC (“Leger CPA”) is a Massachusetts corporation formed on August 17, 1995 with a current business address of 680 Mechanic Street, Suite 130, Leominster, Massachusetts 01453. Leger is the sole officer and director of Leger CPA.

13. Life Partners, Inc. (“LPI”) is a Texas corporation formed on September 10, 1991 with its principal place of business in business located at 2001 Bryan St. Suite 1600, Dallas, Texas, 75201. LPI is a subsidiary of Life Partners Holdings, Inc.

14. Life Partners Holdings, Inc. (“LPHI”) is a Texas corporation organized on August 8, 2002 with a principle place of business located at 2001 Bryan Street, Suite 1600, Dallas, Texas 75201. LPHI is the holding company of LPI.

VII. STATEMENT OF FACTS

A. Background

i. Leger and NEAI

15. Leger has been a licensed insurance agent in Massachusetts since August 19, 2011.

16. Leger received his certified public accounting license on July 1, 1987. His license is current.

17. Leger founded Leger and Associates, P.C. in 1995. Leger and Associates, P.C. changed its name to Leger CPA in 2009. Leger CPA provided tax preparation, business plans, and other accounting services. According to its website, Leger CPA also provided services related to annuities, life insurance, and life settlements as of June 13, 2019.

18. Leger founded NEAI in 2010 primarily to sell life settlements to investors. Leger is the sole officer and director of NEAI. Leger and NEAI began transacting business with LPI as early as 2010.

19. Neither Leger nor NEAI have ever been registered in the securities industry in any capacity.

ii. Leger and Fund Management LLC

20. Leger founded Fund Management LLC in 2011 to be the general partner to the Funds. Leger is the only officer, director, or employee of Fund Management LLC.

21. Fund Management LLC is the general partner for the Funds. Leger organized and is the sole director of the Funds.

22. Fund Management LLC has never been registered in the securities industry in any capacity.

iii. Life Settlements Overview

23. A life settlement is a transaction in which the owner of a life insurance policy sells the policy to an investor at a discount from the face value of the policy, but a premium over its cash surrender value, in exchange for a lump sum payment.

24. Life settlements allow policyholders to obtain immediate cash in exchange for giving up the potential returns generated when the policy matures.

25. Investors in life settlements must pay the premiums on the policy until the policy matures, but receive the benefits once the policy begins making payments.

26. While life settlements are generally illiquid, investors in life settlements are free to re-sell their investments if they find potential buyers.

27. Although a life settlement's value would not rise above the face value of the underlying policy, or drop below the surrender value of the underlying policy, the re-sale value of a life settlement varies based on supply and demand of life settlements and insurance policies which are prospective life settlements.

iv. LPI's Life Settlement Business

28. LPI is a Texas corporation which was in the business of "identification, qualification and purchase of" life settlements.

29. LPI facilitated the purchase of fractional interests in life settlements from the initial insurance policyholders.

30. LPI underwrote the interest in life settlements Leger, NEAI, and other licensees sold to investors.

31. LPI hired physicians to perform medical reviews of the initial policyholders. These physicians generated life expectancies of the initial policyholders.
32. LPI provided their licensees, including NEAI and Leger, with materials to send to investors.
33. In the materials LPI gave their licensees, including NEAI and Leger, to provide to investors, LPI states “[a]ny projected rate of return from this transaction is based on an estimated life expectancy for the person insured under the policy purchased [.]”
34. LPI analyzed and rated individual life settlements based on a variety of factors including the policyholder’s age, health, and personal history, to determine internal rate of return and amount of the potential payout.
35. LPI provided potential investors with confidential case histories, including a rating, life expectancy, and summary of medical history of the initial policyholder for the potential investor to consider when making a purchase.
36. As part of the process of purchasing fractional interest in one or more life settlements, LPI executed an Agency Agreement and Special Power of Attorney (“Agency Agreement”) and a Policy Funding Agreement (“Funding Agreement”) with the investor.
37. Under the Agency Agreement, LPI agreed to act as an agent for the investor by identifying and evaluating potential life settlements.
38. Under the Policy Funding Agreement, LPI agreed to identify, review, rate, and qualify life settlements, and compile and maintain that information on behalf of the investor.
39. Investors pay a lump sum “Acquisition Cost” to LPI upon execution of the Agency Agreement and Policy Funding Agreement.

40. The Acquisition Cost is used to purchase the life settlement, pay LPI, and pay various transactional fees, with the remainder held in escrow to pay the premiums on the underlying policy.

41. The amount of the Acquisition Cost held in escrow to pay for the premiums on the underlying policy is based on LPI's pre-purchase calculations.

42. Investors must pay any additional policy premiums if LPI underestimated the life expectancy of the initial policyholder, or else investors lose their ownership interest in the life settlement.

43. Investors are dependent on LPI for premium administration, tracking, and policy benefit collection services after they purchase the life settlement.

44. On January 4, 2012, the SEC filed a complaint in the United States District Court for the Western District of Texas against LPI and two of its directors for a fraudulent disclosure and accounting scheme.

45. On December 3, 2013, the United States District Court for the Western District of Texas ruled that LPI's investment products were securities subject to federal securities laws.

46. On December 2, 2014, the United States District Court for the Western District of Texas ordered LPI to pay \$46.9 million in civil penalties and restitution for violations of federal securities laws.

47. On January 20, 2015, LPHI, and on May 19, 2015, LPI, filed petitions in the United States Bankruptcy Court for the Northern District of Texas seeking relief under Chapter 11 of the United States Bankruptcy Code.

48. On May 8, 2015, the Supreme Court of Texas also held that LPI investment products were securities.

B. The Violative Conduct

i. Sale of Unregistered LPI Securities and Employment of Unregistered Agent

49. Leger and NEAI sold LPI fractional life settlements to Massachusetts residents and residents of other states.

50. Approximately 70 percent of investors to whom Leger and NEAI sold LPI fractional life settlements used IRA assets.

51. Most of the investors Leger and NEAI invested in LPI fractional life settlements were in their forties and fifties.

52. NEAI entered into a license agreement with LPI whereby NEAI “offer[s] the opportunity to purchase life settlement interests through LPI to its clients” on April 20, 2010

53. Leger signed the license agreement with LPI on behalf of NEAI as president of NEAI.

54. NEAI entered into a compensation addendum with LPI whereby “all referral fees under the foregoing agreement shall be completed as a percentage of the individual policy purchase deposits placed in escrow by each client referred by the licensee” on April 20, 2010.

55. Leger signed the compensation addendum on behalf of NEAI as president of NEAI.

56. Leger himself was granted a license number separately from NEAI.

57. Leger and NEAI were compensated by LPI based on the amount of the sale.

58. Commission checks from LPI for each sale were sent to NEAI.
59. Leger and NEAI would hold events to find potential investors for LPI life settlements.
60. Leger and NEAI provided the calculations of life expectancy, internal rate of return, return on investment, and case history LPI generated to prospective investors.
61. Leger and NEAI renewed their licensee and compensation agreements with LPI on September 8, 2014.

ii. Investors in LPI Securities

62. Investor One and Investor Two are New Hampshire Residents to whom Leger and NEAI sold \$200,000.00 worth of LPI securities over thirteen transactions between May 5, 2010 and May 25, 2010. Leger and NEAI additionally sold Investor One individually \$245,341.63 worth of LPI securities over sixteen transactions between September 3, 2010 and December 6, 2010.
63. Investor Three and Investor Four are Massachusetts residents to whom Leger and NEAI sold \$75,000.00 worth of LPI securities over five transactions between May 11, 2010 and May 21, 2010. Leger and NEAI additionally sold Investor Three \$58,127.86 worth of LPI securities over four transactions on June 17, 2010 and Investor Four \$45,000.00 worth of LPI securities over three transactions on June 3, 2010 and June 4, 2010.
64. Investor Five is a Massachusetts resident to whom Leger and NEAI sold \$120,000.00 worth of LPI securities over ten transactions between June 1, 2010 and July 19, 2011.

65. Investor Six is a Massachusetts resident to whom Leger and NEAI sold \$390,000.00 worth of LPI securities over twenty-six transactions between June 10, 2010 and July 18, 2011.

66. Investor Seven is a Massachusetts resident to whom Leger and NEAI sold \$105,000.00 worth of LPI securities over seven transactions between July 1, 2010 and July 7, 2010.

67. Investor Eight is a Massachusetts resident to whom Leger and NEAI sold \$160,000.00 worth of LPI securities over ten transactions between July 2, 2010 and March 2, 2011.

68. Investor Nine is a Massachusetts resident to whom Leger and NEAI sold \$102,000.00 worth of LPI securities over seven transactions between July 7, 2010 and August 13, 2010.

69. Investor Ten is a Massachusetts resident to whom Leger and NEAI sold \$168,000.00 worth of LPI securities over eleven transactions between July 7, 2010 and January 8, 2014. Leger and NEAI received \$6,230.00 in commissions for the transactions.

70. Investor Eleven is a Massachusetts resident to whom Leger and NEAI sold \$61,000.24 worth of LPI securities over six transactions on July 7, 2010.

71. Investor Twelve is a Massachusetts resident to whom Leger and NEAI sold \$82,791.00 worth of LPI securities over seven transactions between July 7, 2010 and March 11, 2013.

72. Investor Thirteen is an Arizona resident to whom Leger and NEAI sold \$90,000.00 worth of LPI securities over six transactions between July 20, 2010 and July 27, 2010.

73. Investor Fourteen is a Massachusetts resident to whom Leger and NEAI sold \$49,900.00 worth of LPI securities over five transactions on November 18, 2010.
74. Investor Fifteen is a Massachusetts resident to whom Leger and NEAI sold \$235,382.69 worth of LPI securities over twenty-three transactions between December 1, 2010 and March 14, 2011.
75. Investor Sixteen and Investor Seventeen are Rhode Island residents to whom Leger and NEAI sold \$160,000.00 worth of LPI securities over eighteen transactions between December 1, 2010 and May 12, 2011.
76. Investor Eighteen is a Massachusetts resident to whom Leger and NEAI sold \$91,309.59 worth of LPI securities over eleven transactions between March 9, 2011 and March 12, 2013.
77. Investor Nineteen is a Massachusetts resident to whom Leger and NEAI sold \$37,850.00 worth of LPI securities over five transactions between March 18, 2011 and April 28, 2011.
78. Investor Twenty is a Massachusetts resident to whom Leger and NEAI sold \$241,467.33 worth of LPI securities over thirty transactions between March 23, 2011 and February 5, 2013.
79. Investor Twenty-One is a Massachusetts resident to whom Leger and NEAI sold \$35,000.00 worth of LPI securities over five transactions between April 4, 2011 and March 12, 2013.
80. Investor Twenty-Two is a Vermont resident to whom Leger and NEAI sold \$25,000.00 worth of LPI securities over three transactions on April 8, 2011.

81. Investor Twenty-Three is a Vermont resident to whom Leger and NEAI sold \$45,600.00 worth of LPI securities over four between April 8, 2011 and April 21, 2011.

82. Investor Twenty-Four is a Massachusetts resident to whom Leger and NEAI sold \$87,112.95 worth of LPI securities over seven transactions between July 5, 2011 and February 20, 2013.

83. Investor Twenty-Five is a Massachusetts resident to whom Leger and NEAI sold \$73,329.56 worth of LPI securities over seven transactions between July 11, 2011 and September 16, 2014.

84. Investor Twenty-Six is a Massachusetts resident to whom Leger and NEAI sold \$80,423.55 worth of LPI securities on November 28, 2011.

85. Investor Twenty-Seven is a Massachusetts resident to whom Leger and NEAI sold \$37,954.54 worth of LPI securities over two transactions between May 10, 2012 and May 25, 2012.

86. Investor Twenty-Eight is a Massachusetts resident to whom Leger and NEAI sold \$171,633.02 worth of LPI securities over seventeen transactions between September 10, 2012 and June 4, 2013.

87. Investor Twenty-Nine is a Massachusetts resident to whom Leger and NEAI sold \$50,000.00 of LPI securities on March 15, 2013.

iii. Unregistered Investment Advisory Activity

88. Fund I is a limited partnership with the objective of “invest[ing] substantially all of the Fund’s capital in a diverse portfolio of in-force life insurance policies and/or fractional interests therein acquired via life settlement transactions.”

89. According to its private placement memorandum, Fund I “intend[ed] to purchase the life insurance policies and interest in such policies primarily if not exclusively from Life Partners, Inc. a corporation having its corporate headquarters in Waco, Texas.”

90. Fund I issued its private placement memorandum “for the sale of up to... One Thousand (1,000) Limited Partnership Interests at a Purchase Price of \$5,000 per Interest.”

91. In 2012, Leger organized Fund II. Fund II is a limited partnership with the objective of “invest[ing] substantially all of the Fund’s capital in a diverse portfolio of in-force life insurance policies and/or fractional interests therein acquired via life settlement transactions.”

92. According to its private placement memorandum, Fund II “expects to acquire life insurance policies and/or fractional interests from Life Partners, Inc. which, directly or through an affiliate, arranged for the purchase of the policies from the original policy owner.”

93. Fund II issued its private placement Memorandum “[f]or the sale of up to... One Thousand (1,000) Limited Partnership Interests at a Purchase Price of 5,000 per Interest.”

94. In 2013, Leger organized Fund III. Fund III is a limited partnership with the objective of “invest[ing] substantially all of the Fund’s capital in a diverse portfolio of in-force life insurance policies and/or fractional interests therein acquired via life settlement transactions.”

95. According to its private placement memorandum, Fund III “expects to acquire life insurance policies and/or fractional interests from Life Partners, Inc. which, directly or through an affiliate, arranged for the purchase of the policies from the original policy owner.”

96. Fund III issued its private placement Memorandum “[f]or the sale of up to... One Thousand (1,000) Limited Partnership Interests at a Purchase Price of 5,000 per Interest.
97. Fund Management LLC is the general partner of the Funds, and Leger is the sole officer and director for Fund Management LLC.
98. For each of the Funds, Fund Management LLC receives as compensation an LP interest equal to 3.0% of the total LP interests offered.
99. Fund Management LLC holds a 0.1% general partnership interest in each of the Funds.
100. Fund Management LLC is solely responsible for investment decisions on behalf of the Funds.

iv. Investors in the Funds

101. Leger and Fund Management LLC sold Investor Two ten limited partnership interests in Fund I for a total of \$50,000.00 on October 17, 2011.
102. Leger and Fund Management LLC sold Investor Thirteen six limited partnership interests in Fund I for a total of \$30,000.00 on September 23, 2011. Leger and Fund Management LLC additionally sold Investor Thirteen two limited partnership interests in Fund III for a total of \$10,000.00 on December 14, 2013.
103. Leger and Fund Management LLC sold Investor Fifteen six limited partnership interests in Fund II for a total of \$30,000.00 on January 31, 2013.
104. Leger and Fund Management LLC sold Investor Twenty-Three fifteen limited partnership interests in Fund I for a total of \$75,000.00 on September 23, 2011. Leger and Fund Management LLC additionally sold Investor Twenty-Three three and six tenths limited partnership interests in Fund II for a total of \$18,000.00 on October 15, 2012.

105. Leger and Fund Management LLC sold Investor Twenty-Six eight limited partnership interest in Fund II for a total of \$40,000.00 on January 31, 2013.
106. Leger and Fund Management LLC sold Investor Twenty-Seven ten limited partnership interests in Fund I for a total of \$50,000.00 on July 25, 2011.
107. Investor Thirty and Investor Thirty-one are Massachusetts residents to whom Leger and Fund Management LLC sold twenty limited partnership interests in Fund I for a total of \$100,000.00 on April 30, 2011.
108. Investor Thirty-Two is a Massachusetts resident to whom Leger and Fund Management LLC sold fourteen and eight tenths limited partnership interests in Fund I for a total of \$74,000.00 on May 23, 2011.
109. Investor Thirty-Three is a Massachusetts resident to whom Leger and Fund Management LLC sold nineteen and eight tenths limited partnership interests in Fund I for a total of \$99,000.00 on May 24, 2011.
110. Investor Thirty-Four is a Massachusetts resident to whom Leger and Fund Management LLC sold limited partnership interests in Fund I worth \$48,000.00.
111. Investor Thirty-Five and Investor Thirty-Six are Massachusetts residents to whom Leger and Fund Management LLC sold five limited partnership interests in Fund I for a total of \$25,000.00 on May 26, 2011.
112. Investor Thirty-Seven and Investor Thirty-Eight are Massachusetts residents to whom Leger and Fund Management LLC sold forty limited partnership interests in Fund I for a total of \$200,000.00 on May 28, 2011.

113. Investor Thirty-nine is a Massachusetts resident to whom Leger and Fund Management LLC sold nine and eight tenths limited partnership interests in Fund I for a total of \$49,000.00 on June 16, 2011.

114. Investor Forty and Investor Forty-One are Massachusetts residents to whom Leger and Fund Management LLC sold five limited partnership interests in Fund I for a total of \$25,000.00 on June 23, 2011.

115. Investor Forty-Two is a Rhode Island resident to whom Leger and Fund Management LLC sold nine and two tenths limited partnership interests in Fund I for a total of \$46,000.00 on June 15, 2011.

116. Investor Forty-Three is a Massachusetts resident to whom Leger and Fund Management LLC sold thirteen and four tenths limited partnership interests in Fund I for a total of \$67,000.00 on June 29, 2011.

117. Investor Forty-Four is a Massachusetts resident to whom Leger and Fund Management LLC sold three and four tenths limited partnership interests in Fund I for a total of \$17,000.00 on June 29, 2011.

118. Investor Forty-Five is a Massachusetts resident to whom Leger and Fund Management LLC sold eight and five tenths limited partnership interests in Fund I for a total of \$42,500.00 on August 9, 2011.

119. Investors Forty-Six and Forty-Seven are Massachusetts residents to whom Leger and Fund Management LLC sold twenty limited partnership interests in Fund I for a total of \$100,000.00 on July 13, 2011.

120. Investor Forty-Eight is a Massachusetts resident to whom Leger and Fund Management LLC sold five limited partnership interests in Fund I for a total of \$25,000.00 on July 13, 2011.

121. Investor Forty-Nine is a Massachusetts resident to whom Leger and Fund Management LLC sold five limited partnership interests in Fund I for a total of 25,000.00 on July 27, 2011.

122. Investor Fifty is a Massachusetts resident to whom Leger and Fund Management LLC sold nine and four tenths limited partnership interests in Fund I for a total of \$47,000.00 on July 20, 2011.

123. Investor Fifty-One is a Massachusetts resident to whom Leger and Fund Management LLC sold six and six tenths limited partnership interests in Fund I for a total of \$30,000.00 on August 3, 2011.

124. Investor Fifty-Two is a California resident to whom Leger and Fund Management LLC sold twenty limited partnership interests in Fund I for a total of \$100,000 on September 1, 2011.

125. Investor Fifty-Three is a Massachusetts resident to whom Leger and Fund Management LLC sold three and two tenths limited partnership interests in Fund I for a total of \$16,000 on September 28, 2011.

126. Investor Fifty-Four is a Massachusetts resident to whom Leger and Fund Management LLC sold three and twenty-seven hundredths limited partnership interests in Fund I for a total of \$16,350.00 on September 28, 2011.

127. Investor Fifty-Five is a Massachusetts resident to whom Leger and Fund Management LLC sold ten limited partnership interests in Fund I for a total of \$50,000 on September 29, 2011.

128. Investor Fifty-Six is a Massachusetts resident to whom Leger and Fund Management LLC sold two and six tenths limited partnership interests in Fund I for a total of \$13,000.00 on October 1, 2011.

129. Investor Fifty-Seven is a Massachusetts resident to whom Leger and Fund Management LLC sold four and two tenths limited partnership interests in Fund I for a total of \$21,000.00 on October 4, 2011.

130. Investor Fifty-Eight is a Massachusetts based company to whom Leger and Fund Management LLC sold five limited partnership interests in Fund I for a total of \$25,000.00 on October 19, 2011.

131. Investor Fifty-Nine is a Massachusetts resident to whom Leger and Fund Management LLC sold sixteen and eight tenths limited partnership interests in Fund I for a total of \$84,000.00 on October 21, 2011.

132. Investor Sixty is a Massachusetts resident to whom Leger and Fund Management LLC sold six limited partnership interests in Fund I for a total of \$30,000.00 on October, 31, 2011.

133. Investor Sixty-One is a Massachusetts resident to whom Leger and Fund Management LLC sold seven and seven tenths limited partnership interests in Fund II for a total of \$38,500.00 on August 6, 2012.

134. Investor Sixty-Two is a Massachusetts resident to whom Leger and Fund Management LLC sold four and two tenths limited partnership interests in Fund II for a total of \$21,000.00 on September 11, 2012.

135. Investor Sixty-Three is a Massachusetts resident to whom Leger and Fund Management LLC sold eight and four tenths limited partnership interests in Fund II for a total of \$ \$42,000.00 on September 17, 2012.

136. Investor Sixty-Four is a Massachusetts resident to whom Leger and Fund Management LLC sold five and seven tenths limited partnership interests in Fund II for a total of \$28,000.00 on September 14, 2012.

137. Investor Sixty-Five is a Massachusetts resident to whom Leger and Fund Management LLC sold six and five tenths limited partnership interests in Fund II for a total of \$32,500.00 on September 14, 2012.

138. Investor Sixty-Six is a Massachusetts resident to whom Leger and Fund Management LLC sold limited partnership interests in Fund III worth \$38,000.00.

139. Investor Sixty-Seven is a Massachusetts resident to whom Leger and Fund Management LLC sold seventeen and six tenths limited partnership interests in Fund II for a total of \$88,000.00 on June 24, 2013.

140. Investor Sixty-Eight is a Massachusetts resident to whom Leger and Fund Management LLC sold limited partnership interests in Fund III worth \$75,000.00.

141. Investor Sixty-Nine is a Massachusetts resident to whom Leger and Fund Management LLC sold twelve limited partnership interests for a total of \$66,000 on July 30, 2012.

142. Investor Seventy is a Massachusetts resident to whom Leger and Fund Management LLC sold ten limited partnership interests for a total of \$50,000 on August 28, 2013.

143. Investor Seventy-One is a Massachusetts resident to whom Leger and Fund Management LLC sold seven limited partnership interests for a total of \$35,000 on January 17, 2014.

v. Conclusion

144. Leger and NEAI sold at least \$2,558,282.33 worth of LPI securities to Massachusetts Residents and received at least \$146,790.01 in commissions from the sale of these securities.

145. Leger and NEAI sold at least \$1,176,342.00 worth of LPI securities to residents of states other than Massachusetts.

146. Leger and NEAI have not been registered to sell securities in the securities industry in any capacity.

147. Leger and Fund Management LLC sold at least \$1,620,850.00 worth of limited partnership interests in Fund I over at least thirty separate transactions.

148. Leger and Fund Management LLC sold at least \$250,500.00 worth of limited partnership interests in Fund II over at least eight separate transactions.

149. Leger and Fund Management LLC sold at least \$361,000.00 worth of limited partnership interests in Fund III over at least seven separate transactions.

150. Fund Management LLC provided investment advice to the Funds, without being registered, or exempt from registration, as an investment adviser.

151. Leger provided investment advice to the Funds, without being registered, or exempt from registration, as an investment adviser representative.

152. Fund Management LLC employed Leger while Leger provided investment advice without being registered, or exempt from registration, as an investment adviser representative.

VIII. VIOLATIONS OF LAW

Count I – Violations of MASS. GEN. LAWS ch. 110A, § 201(a)

153. Section 201(a) of the Act provides:

(a) It is unlawful for any person to transact business in this commonwealth as a broker-dealer or agent unless he is registered under this chapter.

MASS. GEN. LAWS ch. 110A, § 201(a).

154. Section 401(c) of the Act provides:

(c) “Broker-dealer” means any person engaged in the business of effecting transactions in securities for the account of others or for his own account.

MASS. GEN. LAWS ch. 110A, § 401(c).

155. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

156. The conduct of NEAI, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201.

Count II – Violations of MASS. GEN. LAWS ch. 110A, § 201(a)

157. Section 201(a) of the Act provides:

(a) It is unlawful for any person to transact business in this commonwealth as a broker-dealer or agent unless he is registered under this chapter.

MASS. GEN. LAWS ch. 110A, § 201(a).

158. Section 401(b) of the Act provides:

(b) “Agent” means any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.

A partner, officer, or director of a broker-dealer or issuer, or a person occupying a similar status or performing similar functions, is an agent only if he otherwise comes within this definition.

MASS. GEN. LAWS ch. 110A, § 401(b).

159. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

160. The conduct of Leger, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201.

Count III – Violations of MASS. GEN. LAWS. ch. 110A, § 201(b)

161. Section 201(b) of the Act provides:

(b) It is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered. The registration of an agent is not effective during any period when he is not associated with a particular broker-dealer registered under this chapter or a particular issuer. When an agent begins or terminates a connection with a broker-dealer or issuer, or begins or terminates those activities which make him an agent, the agent as well as the broker-dealer or issuer shall promptly notify the secretary.

MASS. GEN. LAWS. ch. 101A, § 201(b).

162. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

163. The conduct of Respondent NEAI, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201(b).

Count IV – Violations of MASS. GEN. LAWS ch. 110A, § 201(c)

164. Section 201(c) of the Act provides:

(c) It is unlawful for any person to transact business in this commonwealth as an investment adviser or as an investment adviser representative unless he is so registered under this chapter.

MASS. GEN. LAWS ch 110A § 201(c).

165. Section 401(m) of the Act provides:

(m) “Investment adviser” means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. 'Investment adviser' also includes financial planners and other persons who, as an integral component of other financially related services, provide the foregoing investment advisory services to others for compensation and as a part of a business or who hold themselves out as providing the foregoing investment advisory services to others for compensation.

MASS. GEN. LAWS ch 110A § 401(m).

166. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

167. The conduct of Fund Management LLC, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201(c).

Count V – Violations of MASS. GEN. LAWS ch. 110A, § 201(c)

168. Section 201(c) of the Act provides:

(c) It is unlawful for any person to transact business in this commonwealth as an investment adviser or as an investment adviser representative unless he is so registered under this chapter.

MASS. GEN. LAWS ch 110A § 201(c).

169. Section 401(n) of the Act provides:

(n) “Investment adviser representative” means any partner, officer, director, or a person occupying a similar status or performing similar functions, or other individual, except clerical or ministerial personnel, who is employed by or associated with:

(A) an investment adviser that is registered or required to be registered under this act...

MASS. GEN. LAWS ch 110A § 401(n).

170. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

171. The conduct of Leger, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201(c).

Count VI – Violations of MASS. GEN. LAWS ch. 110A, § 201(d)

172. Section 201(d) of the Act provides:

(d) It is unlawful for:

(i) any investment adviser required to be registered to employ an investment adviser representative unless the investment adviser representative is registered under this chapter, but the registration of an investment adviser representative shall not be effective during any period when he is not employed by an investment adviser registered under this chapter [.]

MASS. GEN. LAWS ch 110A § 201(d).

173. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

174. The conduct of Fund Management LLC, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201(d).

IX. STATUTORY BASIS FOR RELIEF

Section 407A of the Act provides, in pertinent part:

(a) If the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission or any other such relief as in his

judgment may be necessary to carry out the purposes of [the Act].

MASS. GEN. LAWS ch. 110A, § 407A.

X. PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors for the Director to enter an order finding that such “action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this chapter [MASS. GEN. LAWS ch. 110A].”

XI. RELIEF REQUESTED

The Enforcement Section of the Division requests that an order be entered:

- A. Finding as fact all allegations set forth in Section VII above;
- B. Finding that all the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- C. Requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations;
- D. Censuring Respondents;
- E. Requiring Respondents to provide a verified accounting of all direct or indirect compensation or remuneration received by Respondents in connection with the alleged wrongdoing;
- F. Requiring Respondents to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing;
- G. Requiring Respondents to provide restitution to fairly compensate investors for those losses attributable to the alleged wrongdoing;

- H. Permanently barring Respondents NEAI and Fund Management LLC from registering in Massachusetts or conducting business in Massachusetts as an investment adviser required to be registered, an investment adviser exempt from registration, a federal covered adviser notice-filed in Massachusetts, an entity relying on an exclusion from the definition of investment adviser, a broker-dealer, or an issuer of securities;
- I. Permanently barring Respondent Leger from associating or registering in Massachusetts in any capacity with any investment adviser required to be registered, any investment adviser exempt from registration, a federally covered adviser notice-filed in Massachusetts, any entity relying on any exclusion from the definition of investment adviser, a broker-dealer; or an issuer of securities;
- J. Permanently barring Respondents from offering or selling securities to any Massachusetts resident;
- K. Permanently barring Respondents from acting a manager, director, officer, partner, and/or control person of any entity offering or selling securities to Massachusetts residents.

[remainder of page intentionally left blank]

- L. Imposing an administrative fine on Respondents in an amount and upon such terms and conditions as the Director or Presiding Officer may determine; and
- M. Taking any such further action which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

**MASSACHUSETTS SECURITIES DIVISION
ENFORCEMENT SECTION**

By and through its attorneys,



R. Emmett Murphy, Enforcement Attorney
Benjamin H. Donovan, Assistant Chief of Enforcement
Kimiko K. Butcher, Co-Chief of Enforcement
Patrick M. Costello, Co-Chief of Enforcement
Massachusetts Securities Division
One Ashburton Place, Room 1701
Boston, Massachusetts 02108-1552
tel. (617) 727-3548
fax. (617) 248-0177

Dated: February 6, 2020