

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

IN THE MATTER OF:)

BRUCE S. HOROWITZ AND)
MASSIVE ABUNDANCE, LLC,)

RESPONDENTS.)

Docket No. E-2016-0044

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 “Division,” respectively) files this Administrative Complaint (the “Complaint”) to commence an adjudicatory proceeding against the above-named Respondents, Bruce S. Horowitz and Massive Abundance, LLC (collectively, the “Respondents”) for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (the “Act”), and 950 MASS.

CODE REGS. 10.00 – 14.413 (the “Regulations”). The Enforcement Section alleges that Respondents willfully engaged in unregistered and fraudulent advisory activities in the Commonwealth of Massachusetts in violation 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 and

Regulations in the Commonwealth; 4) censuring Respondents; 5) barring Respondents

from associating with or acting as a registered investment adviser, an investment adviser required to be registered, an investment adviser exempted from registration, a person relying on an exclusion from the definition of investment adviser in any capacity, a broker dealer, a broker-dealer agent, an issuer, an issuer-agent, or any entity or individual exempt, excluded, or required to be registered as such; 6) requiring Respondents to provide an accounting of all proceeds which were received as a result of the alleged wrongdoing; 7) requiring Respondents to provide restitution to all investors, including, but not limited to, returning all commissions, fees, and trading capital; 8) requiring Respondents to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 9) imposing an administrative fine on Respondents in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 10) taking any such further action which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

II. SUMMARY

Bruce S. Horowitz (“Horowitz”), a Massachusetts resident who has never been registered in any capacity in the securities industry in the Commonwealth, began developing trading software over seventeen years ago for the purpose of trading his own account(s) and the accounts of others. In 2006, Horowitz organized Massive Abundance, LLC (“Massive Abundance”) as a limited liability company under the laws of the State of New York. Approximately seven years ago, Horowitz moved to Massachusetts and began trading the accounts of at least three Massachusetts residents, including a 54-year old resident of Newton (“Massachusetts Investor One”). However, Massive Abundance has never been registered to offer investment advice in the Commonwealth. Between

November 2014 and March 2015, Horowitz solicited \$15,000.00 from Massachusetts Investor One, including a \$10,000.00 one-time, upfront fee and \$5,000.00 of trading capital. Massachusetts Investor One paid the funds directly to Massive Abundance after Horowitz informed Massachusetts Investor One of the potential high returns Horowitz and Massive Abundance could generate. Horowitz told Massachusetts Investor One, "looking forward to making us both lots of mega-bucks." Horowitz deposited the upfront fee and trading capital into the business checking account of Massive Abundance on March 30, 2015, retaining the upfront fee for his personal purposes and transferring the trading capital to a brokerage account held in the name of Massive Abundance. There was no trading activity at all over the course of the nearly nine months during which Horowitz and Massive Abundance were supposed to be managing Massachusetts Investor One's account. Despite the lack of any trading activity in Massachusetts Investor One's account, Horowitz continued to mislead Massachusetts Investor One, citing various delays in his ability to generate profits. Horowitz entered into similar arrangements with other Massachusetts investors, charging upfront fees of at least 200% of the value of the investors' trading capital and retaining those fees despite his lack of trading activity and his failure to generate profits.

Persons who hold themselves out as investment advisers subject themselves to regulation as investment advisers in Massachusetts. Horowitz and Massive Abundance exercised discretion over the accounts of Massachusetts investors and gained significant profit from their fraudulent and unregistered advisory activity. Horowitz and Massive Abundance stand in violation of the Act and the corresponding Regulations.

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 Sections 407A and 414 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 102 and 201 of the Act.
4. The Enforcement Section reserves the right to amend this Complaint and/or 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, 2014 to the present date (the "Relevant Time Period").

V. RESPONDENTS

6. Bruce Stephen Horowitz (hereinafter "Horowitz") is a Massachusetts resident with a last known address in Walpole, Massachusetts. Horowitz has a Financial Industry Regulatory Authority ("FINRA") Central Registration Depository ("CRD") number of 1886629. During the Relevant Time Period, Horowitz was not registered in Massachusetts in any capacity in the securities industry.
7. Massive Abundance, LLC (hereinafter "Massive Abundance") is a limited liability company organized under the laws of the State of New York on August 31,

2006. According to the New York State Division of Corporations, Massive Abundance is located in Walpole, Massachusetts, at the same address as Horowitz. During the Relevant Time Period, Massive Abundance was not registered in Massachusetts in any capacity in the securities industry.

VI. STATEMENT OF FACTS

A. Horowitz Legacy Registration and Disclosures

8. According to the FINRA CRD, Horowitz was registered as a Corporate Securities Representative with Allegiance Securities, Inc. (CRD No. 16213) from October 19, 1988 to May 16, 1989.

9. According to a FINRA CRD Legacy Disclosure Incident, as the result of a hearing before the State of New York Insurance Department, Horowitz was deemed untrustworthy and/or incompetent to act as an insurance agent and broker. As such, Horowitz had no authority to act as an insurance agent or broker in New York State after August 16, 1984.

10. According to a FINRA CRD Legacy Disclosure Incident, Horowitz was found guilty of the crime of attempted grand larceny (third degree) on October 9, 1985 by the Nassau County Court in Mineola, New York ("County Court"). The County Court sentenced Horowitz to three years of probation and ordered him to pay restitution.

11. The County Court found Omnibus Brokerage, Inc. guilty of the crime of scheme to defraud (first degree) on December 12, 1985. Horowitz, an Officer of Omnibus Brokerage, Inc., appeared for sentencing, whereupon the County Court sentenced Omnibus Brokerage, Inc. to pay a fine of \$1,000.00 and a surcharge of \$75.00.

B. Massive Abundance, LLC

12. Massive Abundance was established as a limited liability company on August 31, 2006 under the laws of the State of New York.
13. Horowitz established Massive Abundance for the purpose of developing trading software.
14. Massive Abundance develops trading systems and software for the futures and equities markets.
15. Massive Abundance has offered to trade the futures and equities markets on behalf of clients using the software it has developed.
16. Horowitz serves as Manager of Massive Abundance.
17. Horowitz is the only control person of Massive Abundance.
18. During the Relevant Time Period, Massive Abundance was not registered in Massachusetts in any capacity in the securities industry.
19. During the Relevant Time Period, Horowitz was not registered in Massachusetts in any capacity in the securities industry.
20. Horowitz has no formal education in finance or securities.
21. Horowitz has no experience in any position providing investment advice.
22. Over the past ten years, Horowitz has been self-employed developing automated trading systems for the futures market and stock market.
23. Horowitz utilizes trading software that he developed over a period of seventeen years.

C. Massachusetts Investor One

24. Over the last six years, Horowitz has periodically attended “meet-up” group seminars focused on the financial markets and trading.

25. Massachusetts Investor One is an individual residing in Newton, Massachusetts.

26. In or about July 2014, Massachusetts Investor One met Horowitz at an insurance seminar held in Massachusetts.

27. According to Horowitz, he met Massachusetts Investor One in Norwood, Massachusetts, after receiving “a postcard in the mail or a letter which was inviting seniors to a dinner/sales pitch for what I found out to be equity index annuities [.]”

28. In or about August 2014, Massachusetts Investor One met Horowitz for the second time at an insurance seminar.

29. Over the course of several discussions between late 2014 and early 2015, Horowitz informed Massachusetts Investor One of his proprietary trading software and the trading systems he developed.

30. On November 4, 2014, Massachusetts Investor One wrote Massive Abundance a check for \$3,000.00 as a deposit towards an upfront fee of \$10,000.00, which secured Massachusetts Investor One’s position as one of Horowitz’s clients.

31. On March 29, 2015, Massachusetts Investor One wrote Massive Abundance a check for \$5,000.00, which represented the trading capital for Horowitz to invest on Massachusetts Investor One’s behalf.

32. On March 30, 2015, Massachusetts Investor One wrote Massive Abundance a check for \$7,000.00, which represented the remaining balance of the upfront fee of \$10,000.00.

33. On March 31, 2015, Massachusetts Investor One executed a Memorandum of Understanding ("MOU") with Horowitz, acting on behalf of Massive Abundance.

34. The MOU called for a "one-time fee of \$10,000.00."

35. According to Horowitz, the upfront fee offset investments Horowitz made in the development of the trading software and additional fees incurred from the "constant tweaking" of the software.

36. According to Horowitz:

[The upfront fee] wasn't all used to necessarily all be disbursed. Part of it [was] not delineated, but was basically to help offset the hundreds of thousands of dollars I had paid over the many years that it took me to get it to the point where it was. Another analogy is you may have heard the expression that Thomas Edison figured out ten thousand ways not to make a light bulb work. I found ten thousand ways along the way not to make money in a futures market.

37. The MOU provided that "Massive [Abundance] will control all trading activity."

38. The MOU provided that "Massive [Abundance] will keep the remaining 50% of the trading profits as its fee for the trading."

39. On March 31, 2015, Horowitz, personally and acting on behalf of Massive Abundance, executed a Promissory Note ("Note") regarding Massachusetts Investor One's \$5,000.00 of trading capital.

40. According to the Note, "In consideration for making this loan and in addition to the interest stated herein, Lender [Massachusetts Investor One] shall receive as additional interest a Fifty Percent (50%) share of the net proceeds from any and all trading profit earned by Borrower [Horowitz / Massive Abundance.]"

41. According to the Note, "Borrower [Horowitz / Massive Abundance] will control all trading activity."

42. The Note provided for interest payments and late charges for any installments not received within ten days of the due date.
43. The Note provided, "Installments not paid when due shall bear interest at the rate of Eighteen Percent (18%) per annum from date due."
44. The Note provided, "Any installment not received within ten (10) days of the due date of said installment, shall bear a late charge of Five Percent (5%) of the amount of said installment."
45. According to Horowitz:
- [The Note] was in relation to the \$5,000 that [Massachusetts Investor One was] lending to Massive Abundance to put into a separate Massive Abundance trading account that would be used to trade, and the interest that would be yield on that would be equal to 50 percent of the profits generated from that trading account[.]
46. Horowitz testified before the Division that "[the MOU and Note were] not the way I would have preferred to structure an agreement, but I accommodated [Massachusetts Investor One] anyway [.]"
47. In a March 31, 2015 e-mail, Horowitz wrote to Massachusetts Investor One's spouse, stating, "[l]ooking forward to **making us both lots of mega-bucks.**" (Emphasis added.)
48. Horowitz did not discuss Massachusetts Investor One's financial background with Massachusetts Investor One.
49. Horowitz did not discuss Massachusetts Investor One's investment objectives with Massachusetts Investor One.
50. Horowitz did not review any of Massachusetts Investor One's financial documents.

51. Horowitz did not know Massachusetts Investor One's net worth.
52. Horowitz did not know the source of the funds Massachusetts Investor One used to pay the upfront fee and provide the trading capital.
53. On March 31, 2015, \$5,000.00 was transferred to Dorman Trading, LLC ("Dorman") via wire from the business checking account of Massive Abundance.
54. Horowitz utilized Dorman, a brokerage firm with a principal place of business in Chicago, Illinois, to trade on behalf of Massachusetts Investor One.
55. The Dorman account utilized by Horowitz to trade on behalf of Massachusetts Investor One was held in the name of Massive Abundance.
56. On April 15, 2015, Dorman credited an account, held in the name of Massive Abundance, in the amount of \$5,000.00, as reflected in an April 15, 2015 Dorman Daily Statement ("April 15, 2015 Statement").
57. In an April 15, 2015 e-mail, Massachusetts Investor One's spouse wrote to Horowitz, "I'm just checking in to see if you've been able to set up the trading account for [Massachusetts Investor One's \$5,000.00], and if you've started trading yet?"
58. In an April 16, 2015 e-mail, Horowitz responded, "[h]opefully, by Friday or Monday at the latest, we should be able to trade. Every day there is any trading, I will be sending you a copy of the statements generated by Dorman Trading, LLC."
59. Other than the April 15, 2015 Statement, Horowitz did not send Massachusetts Investor One any copies of statements generated by Dorman during the Relevant Time Period.
60. On December 9, 2015, Massachusetts Investor One wrote to Horowitz and requested the return of her funds, stating, "[i]t's been more than six months since we

delivered the funds to you, during which time you haven't engaged in a single trade. We don't believe that you've been forthright about your intentions, or the assurances that you made to us."

61. Horowitz did not make any trades on behalf of Massachusetts Investor One because "[t]he software that [Horowitz] had developed did not – or was not able to properly manage that type of [2015 market] volatility."

62. According to Horowitz:

[My] software is designed where there are, to use an analogy, 62 planets that have to line up before we would enter a trade, and so it takes a lot of starts to be in alignment, as it were. When that super excessive volatility kicked in, it threw things out of whack, and so those issues – how that volatility impacted a number of those other 62 variables – was very complex.

63. Horowitz testified before the Division that he makes twenty trades in a typical trading day.

64. However, over the course of 238 days, Horowitz did not make a single trade in Massachusetts Investor One's account.

65. According to Horowitz, "it was always the intention to be able to trade very soon[.]"

66. According to Horowitz: After somewhere between four and six weeks [of receiving Massachusetts Investor One's trading capital], pretty much got my arms around how [the 2015 market volatility] was working out, because you can't just take two days worth of data and say you've got enough sample to make a hard and fast rule out of. And so I was watching [the trading software] and made the changes, tweaked it, made some more changes, watched it, watched it, made some tweaks, watched, watched it, watched it, and sort of kept fine-tuning it.

67. [the 2015 market volatility] was working out, because you can't just take two days worth of data and say you've got enough sample to make a hard and fast rule out of. And so I was watching [the trading software] and made the changes, tweaked it, made some more changes, watched it, watched it, made some tweaks, watched, watched it, watched it, and sort of kept fine-tuning it.

67. On December 9, 2015, Massachusetts Investor One stated further, “[p]lease be advised that you are not authorized to make trades on our behalf, and we expect the full \$15,000 to be returned immediately.”

68. On December 29, 2015, Massive Abundance wrote a check in the amount of \$5,000.00, made payable to Massachusetts Investor One, representing the initial trading capital provided to Massive Abundance by Massachusetts Investor One.

69. The December 29, 2015 check did not include the approximately \$513.31 in interest payments or late charges due under the Note.

70. Horowitz testified before the Division that “at end of the six-month period of time, there hadn’t been any trades, so they asked for that money to be returned, which I did. I returned it to them.”

71. Despite the fact that Horowitz and Massive Abundance did not execute a single trade in Massachusetts Investor One’s account, neither Horowitz nor Massive Abundance returned the \$10,000.00 upfront fee paid by Massachusetts Investor One.

72. According to Horowitz:

[I] “considered [the upfront fee] earned because, as [Horowitz] told [Massachusetts Investor One] originally, the funds were going to be used or could be used for development and tweaking of the software, plus as reimbursement, partial reimbursement of all the monies I had paid out over the last 17, 16 or 17 years.

73. Other Massachusetts Investors

73. On October 16, 2014, another Massachusetts resident (“Massachusetts Investor Two”) invested \$5,000.00 with Horowitz and Massive Abundance, along with a \$10,000.00 one-time, upfront fee.

74. On February 11, 2015, Massachusetts Investor Two wrote a check, made payable to Massive Abundance, in the amount of \$664.00, which represented the fee amount owed to Massive Abundance for trading activity in the month of January 2015.

75. On January 26, 2016, another Massachusetts resident invested \$5,000.00 with Horowitz and Massive Abundance, along with a \$25,000.00 one-time, upfront fee.

76. Upon information and belief, Horowitz and Massive Abundance continue to solicit investments from Massachusetts residents.

VII. VIOLATIONS OF LAW

Count I – Violations of MASS. GEN. LAWS ch. 110A § 102

77. Section 102 of the Act provides:

It is unlawful for any person who receives, directly or indirectly, any consideration from another person primarily for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise

- (1) to employ any device, scheme, or artifice to defraud the other person,
or
- (2) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person.

MASS. GEN. LAWS ch. 110A, § 102.

78. The Enforcement Section herein re-alleges and re-states the Statement of Facts set forth in Section VI above.

79. The conduct of Respondents, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 102.

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

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

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).

81. Section 401(m) of the Act defines an investment adviser as follows:

“Investment adviser” means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the 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 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 advisory services to others for compensation.

MASS. GEN. LAWS ch. 110A, § 401(m) (emphasis added).

82. The Enforcement Section herein re-alleges and re-states the Statement of Facts set forth in Section VI above.

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

VIII. 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.

IX. 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].”

X. RELIEF REQUESTED

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

- A. Finding as fact all allegations set forth in paragraphs 1 through 76 of the Complaint;
- 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 in the Commonwealth;
- D. Censuring Respondents;
- E. Barring Respondents from associating with or acting as a registered investment adviser, an investment adviser required to be registered, an investment adviser exempted from registration, a person relying on an exclusion from the definition of investment adviser in any capacity, a broker-dealer, a broker-dealer agent, an issuer, an issuer-agent, or any entity or individual exempt, excluded, or required to be registered as such;

- F. Requiring Respondents to provide an accounting of all proceeds which were received as a result of the alleged wrongdoing;
- G. Requiring Respondents to provide restitution to all investors, including, but not limited to, returning all commissions, fees, and trading capital;
- H. Requiring Respondents to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing;
- I. Imposing an administrative fine on Respondents in an amount and upon such terms and conditions as the Director or Presiding Officer may determine; and
- J. 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,



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Dated: November 22, 2016