

**COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, 17TH FLOOR
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:)
)
HARISON MUIRURI MAINA,)
AJABU FINANCIAL,)
AJABU MEDIA COMMUNICATIONS,)
AJABU VENTURES,)
JH CREATIONS,)
)
RESPONDENTS.)

Docket No. E-2013-0002

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SECURITIES DIVISION
OFFICE OF THE
SECRETARY OF THE
COMMONWEALTH

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 complaint (the “Complaint”) in order to commence an adjudicatory proceeding against Harison Muiruri Maina (“Maina”), Ajabu Financial, Ajabu Media Communications, Ajabu Ventures, and JH Creations for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (“Act”), and 950 MASS. CODE REGS. 10.00 *et seq.* (“Regulations”). The Enforcement Section alleges that Maina, acting individually and through Ajabu Financial, Ajabu Media Communications, Ajabu Ventures, JH Creations, and various other organizations, fraudulently offered and sold unregistered and non-exempt securities in the Commonwealth without being registered as broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative. The Enforcement Section further alleges that the offers and sales were part of a larger scheme to defraud Massachusetts investors in the New England Kenyan community. The Enforcement Section further

alleges that Respondents used a network of websites and memberships in non-profit organizations to perpetrate affinity fraud within the New England Kenyan community.

Specifically, The Enforcement Section seeks an order: (1) finding as fact the allegations and facts set forth below; (2) imposing and administrative fine upon Respondent Maina; (3) requiring Respondents to (a) provide an accounting of all proceeds received as a result of the alleged wrongdoing, (b) disgorge all proceeds and other direct or indirect remuneration received a result of alleged wrongdoing, and (c) requiring Respondents to offer remuneration to fairly compensate all residents of the Commonwealth of Massachusetts who suffered losses attributable to the alleged wrongdoing; (4) requiring Respondents Maina and JH Creations to dismantle all websites and remove web content that solicits investors, offers securities and/or offers investment advice; and (5) the Enforcement Section requests that the Director or Hearing Officer take any other necessary action which may be in the public interest and appropriate for the protection of Massachusetts investors.

II. SUMMARY

The Division brings this action as a result of the alleged misconduct by Respondents. Although Respondent Maina was briefly registered with two separate broker-dealer firms, Maina has never been registered to give investment advice or sell the full range of securities products. In addition, Maina has not been registered to sell variable insurance products or mutual funds since December 2008. In March of 2009, Maina created the website for his company called Ajabu Financial. This website offers “a wide array of investment vehicles to help you build wealth for your retirement, your business, your church or ministry, your children and even your special groups.” The website further states that securities and investment advisory services and insurance products are offered through Capital Choice Financial Investments Inc. The website

also offers tax preparation and refund services. On information and belief, Respondents Maina and Ajabu Financial provide purported tax services for the purpose of inducing individuals receiving a tax refund to invest in Respondent Maina's various business ventures.

In August of 2013, Maina induced a Massachusetts resident to invest \$10,000 in a business that Maina claimed was worth approximately \$200,000 and would generate profits of around \$150,000 per year. This investor was promised 10% ownership of the new business, but receive 90% of the profits; leaving the management to Maina. Among other things, this investor was told by Maina that the business would start generating money for her within three months. The investor has not received any profits or monies from her investment in Ajabu Ventures.

In addition, this investor knew of several others in the Kenyan community who were approached by Maina to invest in Maina's business ventures. Maina used fraudulent and deceptive sales strategies to induce Massachusetts residents to invest with Respondents. These strategies included preying on their common affinity, making material misrepresentations and omissions, and disregarding applicable state and federal requirements. Maina used his network of purportedly legitimate websites to cover underlying fraudulent activity. In addition, the number of companies and the similarity between their names and the constant solicitation for new ventures were deliberately contrived to perpetuate a fraudulent scheme. Maina further misled and confused investors as to where their funds were invested and what was happening with their investments. However most of these individuals were Kenyan citizens and many would not speak to the Massachusetts Securities Division because Maina had threatened to reveal their immigration status to authorities.

When asked on the record about these activities, Respondent Maina invoked his rights under the Fifth Amendment of the United States Constitution and Article 12 of the Massachusetts Declaration of Rights.

III. JURISDICTION AND AUTHORITY

1. The Massachusetts Securities Division is a Division of the Office of the Secretary of the Commonwealth with jurisdiction over matters relating to securities as provided for by the Massachusetts Uniform Securities Act, MASS. GEN. LAWS ch. 110A (the "Act") and the regulations promulgated there under. The Act authorizes the Division to regulate: (a) the offers and/or sales of securities; (b) those individuals offering and/or selling securities within the Commonwealth; and (c) those individuals transacting business as broker-dealer agents within the Commonwealth.

2. The Division brings this action pursuant to the enforcement authority conferred upon it by Section 407A of the Act and MASS. GEN. LAWS ch. 30A, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and all regulations and rules promulgated thereunder.

3. This proceeding is brought in accordance with §§ 101, 301, 201(a), 201(b), and 407A of the Act and its Regulations. Specifically, the acts and practices constituting violations occurred within the Commonwealth of Massachusetts.

4. The Division specifically 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 period from July 2005 up to and including the present.

V. RESPONDENTS

6. Harison Muiruri Maina (“Maina”) is an individual with a last known residential address at 18 Coburn Street, Apt. 2, Malden, Massachusetts 02148. Maina has a Central Registration Depository (“CRD”) number 517294 and a Division of Insurance License number of 1809395. Maina also has business addresses located at 54 Cummings Park, Woburn, Massachusetts, 01801, 297 West 6th Street, Lowell, Massachusetts, 01850, and 190 Salem Street, Malden, Massachusetts, 02148. Maina is also known under the names Harison Justus, Harison J. Maina, Harison M. Maina, Harrison Maina, Harison Muiruri, and Maina Harison Muiruri.

7. Ajabu Financial is a business name with a domain name of www.ajabuafinancial.com. This domain is registered to Harison Maina and JH Creations. This annual registration was last renewed on March 23, 2013. Ajabu Financial lists offices located at 54 Cummings Park, Woburn, Massachusetts, 01801 and 297 West 6th Street, Lowell, Massachusetts, 01850.

8. Ajabu Media Communications is a business name with a domain name of www.ajabumedia.com. This domain is registered to Harison Maina and JH Creations. This annual registration was last renewed on November 29, 2012. Ajabu Media Communications lists its office location as 54 Cummings Park, Suite 312, Woburn, Massachusetts 01801. Ajabu Media Communications is also known as “Ajabu Media.”

9. Ajabu Ventures is a business name with a domain name of www.ajabuventures.com. This domain is registered to Harison Maina and JH Creations. This annual registration was last

renewed on January 6, 2013. Ajabu Ventures has a last known business address located at 190 Salem Street, Malden, Massachusetts, 02148.

10 JH Creations is a doing business as name used by Maina. JH Creations is the name of a business entity that Maina uses to register all of the Ajabu affiliated websites. It has a last known address of 54 Cummings Park, Suite 312, Woburn, Massachusetts, 01801.

VI. FACTS AND ALLEGATIONS

11. On March 8, 2013, Maina appeared for an On-The-Record interview before the Enforcement Section. For every question asked by the Enforcement Section, Maina invoked his Fifth Amendment rights under the United States Constitution and his rights under Article 12 of the Massachusetts Declaration of Rights and refused to answer.

12. Upon information and belief Maina is a Kenyan national and his United States immigration status is not known.

13. On or about July 14, 2005, Maina was licensed by the Commonwealth of Massachusetts Division of Insurance. This license expires November 24, 2013.

14. On or about October of 2006, Maina passed the Series 6 and Series 63 examinations allowing him to sell limited types of securities such as variable products and mutual funds. Maina has not been registered to sell such securities since December 2008 and he has never been registered to sell the full range of securities products.

15. From June 2006 through November 2006, Maina was employed by PFS Investments Inc. (CRD Number 10111) (“PFS”).

16. On or about November 29, 2006, Maina was terminated from PFS.

17. From January 2008 to December 2008, Maina was employed by CCF Investments Inc. (CRD Number 136571) (“CCF”).

18. According to the CRD, on or about December 5, 2008, Maina was terminated from employment with CCF. Since that time, Maina has not been registered with a broker-dealer or investment advisor.

19. Respondent Maina is currently licensed to sell insurance products and on information and belief, Maina is currently selling insurance products.

A. Unauthorized and Unregistered Website Solicitations

20. On or about March 23, 2009, Maina through his business, JH Creations, registered the domain name ajabufinancial.com with the registrar 1&1 Internet Inc.

21. Maina represented to Massachusetts investors and the general public via its website at <http://ajabufinancial.com/> that Maina through Ajabu Financial Associates offers services in the areas of investments, insurance, advice, planning and mortgages.

22. The website further states that “Securities, investment advisory services, insurance products offered through Capital Choice Financial Investments Inc.” Under the heading “Investments”, the website states:

Through our Capital Choice Financial group, Ajabu Financial Associates brings you a *wide array of investment vehicles* to help you build wealth for your retirement, for your business, your church or ministry, your children and your special groups.

Avoid the wasteful and opportunity robbing merry-go-rounds that most people use to build their wealth, putting them at the mercy of the other group members in case something happens. Similarly, *don't be fooled by money saving schemes* hatched by untested and unregulated individuals and organizations that promise rapid windfall gains after you invest your fortune in them.

Wealth creation takes a long time, discipline and consistency. *Ajabu Financial will help you stay focused on your goal to financial wellbeing.*

(Exhibit 1) Emphasis added.

23. Maina has not been registered with CCF since November of 2008; four months before he registered the Ajabu Financial website.

24. According to the CRD, Maina is not currently registered to sell securities and is not employed by a broker-dealer or investment adviser firm, including CCF.

25. In addition, the Ajabu Financial website also offers “tax preparation service” and states that:

Our *highly qualified and licensed tax professionals* are ready to assist you file your tax returns with ease, providing you with maximum returns at a very affordable price.

During the 2013 Tax season, we are providing you with unbeatable deals made possible by our partnership.

The offers are available to all our walk-in customers only in our Malden and Lowell office (both in Massachusetts) and for our telephone or online customers from any state in the USA (sic).

(Exhibit 2) Emphasis added.

26. On information and belief, Ajabu Financial does not employ qualified and licensed tax professionals.

27. On information and belief, Ajabu Financial only provides tax services in order to discover tax refund amounts so as to defraud Massachusetts residents. In an e-mail communication dated December 8, 2012, Maina stated that “it would be good to sell shares to other people between January and May next year when folks are receiving their tax refunds in order to raise more capital for operations requires (sic) by the increased company growth potential. (Exhibit 3)

28. In addition, Maina offers unregistered securities to the public through his affiliated website located at www.ajabuTV.com.

29. AjabuTV is a business name with a domain name of www.ajabutv.com. This domain is registered to Harison Maina, JH Creations, 54 Cummings Park, Suite 312, Woburn, Massachusetts, 01801. This annual registration was last renewed on December 28, 2012.

30. AjabuTV has similar web content to AjabuAfrica.com, but includes video clips in addition to written articles.

31. AjabuTV's website contains a section titled "Career Opportunities." Under "Career Opportunities" is a section titled "Investors Wanted" that states:

AjabuMedia Communications is welcoming any individual, investor, government who might be interest in joining us in our leading role of developing the very scarce and limited web content for the niche East African Content.

Currently, the dominant web content on the world wide web has completely ignored the African culture, and consequently, has limited relevance in meeting some specific needs for most of the Africans in the diaspora. Worse still, the price of providing such online content is exorbitant, thus occasioning the dismal performance of web content targeted at the lucrative African Market.

AjabuMedia communications has the technology needed to generate such content but as usual, limited capital position is hampering our progress.

To get more information about investor relationship (sic) possibilities, send us an email at investors@ajabumedia.com at your earliest convinience (sic). We shall respond to you promptly.

(Exhibit 4) Emphasis added.

33. Although the stated purpose of AjabuTV's website is to promote images and news related to Kenyan and African culture, the website solicits the general public for investments in Ajabu Media.

34. Since December of 2008, Maina has not been registered with CCF, and is not currently registered as a broker-dealer or broker-dealer agent and has never been registered to sell the full

range of securities products such as stocks, bonds, promissory notes, or limited partnership shares.

35. Maina has never been registered as an investment advisor or investment advisor representative.

B. Unregistered and Unexempt Securities Offerings

a. Investor 1

36. Investor 1 is a Massachusetts resident and Kenyan national.

37. In or about 2010, Investor 1 was solicited by Maina to make an investment in Ajabu Media Communications.

38. Investor 1 refused to invest money in Ajabu Media Communications.

39. Investor 1 had been a friend of Maina's former roommate and had been told by this roommate that the roommate had invested \$8,000 in one of Maina's Ajabu businesses, but never received a return. As a result of losing this money, the roommate had been forced to return to Kenya.

40. Despite this, Investor 1 did not want to deny a fellow Kenyan and gave Maina an order to print business cards. Investor 1 paid Maina with the understanding that the printed business cards would be forthcoming from Ajabu Media Communications.

41. Investor 1 never received the business cards and did not receive any refund from Maina or Ajabu Media Communications.

b. Investor 2

42. Investor 2 is a Massachusetts resident and Kenyan national and holds a permanent resident visa.

43. In August of 2012, Investor 2 was approached by Maina to invest money in his current business called Ajabu Media Communications. Maina stated that Investor B's money would be put toward expansion of this business and that he would rename the business "Ajabu Ventures."
44. Investor 2 had never invested in a business before and had never signed a partnership agreement before.
45. Investor 2 believed that she would be a "partner" who only invested money for shares in Maina's company, "Ajabu Ventures."
46. Investor 2 did not know what investments Maina was going to invest in when Investor 2 agreed to invest in Ajabu Ventures.
47. In order to induce Investor 2 to invest in Ajabu Ventures, Maina claimed that his current business, Ajabu Media Communications, was worth approximately \$200,000 and would have profits of approximately \$150,000 annually.
48. To support these numbers, Maina gave Investor 2 "Annual Income Projection December 2012-December 2013," "Projected Annual Fixed Expenses- Dec. 2012-Dec 203 USD," and a sheet listing "Cash Investments." (Exhibit 5)
49. On information and belief, the numbers cited in these documents are fabricated and the businesses mentioned are fictitious.
50. Maina did not provide any offering documents including a prospectus, private placement memorandum, or other disclosure documents for the offer and sale of shares.
51. Maina also told Investor 2 that she would not need to be involved in the day-to-operation of the business since Investor 2 already had full-time employment.
52. Maina further told Investor 2 that her investment would start "paying off" within 3 months.

53. On or about August 16, 2012, Investor 2 gave \$10,000 to Maina for investing money for shares of the business that was currently called Ajabu Media Communications, soon to be renamed "Ajabu Ventures."
54. At the request of Maina, the \$10,000 investment was in the form of a bank check made out Ajabu Media Communications. (Exhibit 6)
55. Sometime later, Maina and Investor 2 signed a "Partnership Agreement" (backdated to August 16, 2012) which stated in part that Investor 2 was to invest \$10,000 for a 10 percent share of Ajabu Ventures, but receive *90% of the profits*. (Exhibit 7)
56. On or about December 27, 2012, Maina further told Investor 2 that he and Ajabu Ventures had signed a contract with a company called EZCall EZTalk, but that he would need a small loan of \$2,750 to finalize the deal. (Exhibit 8)
57. Investor 2 decided to research EZCall EZTalk before making the decision to invest more money with Maina. According to information available on the internet, Investor 2 found that the EZCall EZTalk and its founder were suspected to be involved in criminal activities.
58. Investor 2 refused to make the loan of \$2,575 because of her concerns, even though the terms of the loan stated that it was to mature in two months and return 20%.
59. At this point, Investor 2 requested that her original investment of \$10,000 be returned to her. Maina refused and stated that Investor 2 could only redeem those monies by selling her shares to another investor.
60. Investor 2 then made further inquiries within the New England Kenyan community and learned that Maina had taken money from other Kenyans using deceptive means.

61. Investor 2 also found that many other Kenyans had been defrauded by Maina, but were unwilling to speak about their experiences because Maina had threatened to reveal their immigration status to authorities.
62. Investor 2 believes that the \$10,000 was used by Maina for personal uses instead of being invested as promised.
63. On or about January 8, 2010, Investor 2 lodged a complaint with the Better Business Bureau and completed an online complaint form on the Division's website.
64. Maina has not issued any shares to Investor 2.
65. Maina has not incorporated Ajabu Ventures with the Secretary of the Commonwealth Corporations's office.
66. Investor 2 has not received any profits or return on her investment of \$10,000 in Ajabu Ventures.
67. Maina has never filed an application for the registration of securities to be offered and/or sold, either with the Division or with the United States Securities and Exchange Commission ("SEC").
68. Maina has never filed a notice of exemption from registration for securities to be offered and/or sold either with the Division or with the SEC.
69. Maina has never been registered as an issuer with the Division or the SEC.
70. Maina has never been registered or exempted from registration as an issuer agent with the Division or the SEC.

C. Related Affinity Fraud

71. The New England Kenyan Welfare Association ("NEKWA") has a domain name of www.nekenyans.org. This domain was registered to Harison Maina, JH Creations, 54

Cummings Park, Suite 312, Woburn, Massachusetts, 01801 on June 4, 2011. This annual registration was last renewed on June 5, 2012.

72. On or about December 28, 2011, NEKWA was incorporated in the Commonwealth of Massachusetts as a nonprofit corporation with an identification number of 001068140.

73. The mission of NEKWA, according to its website is “[t]o unite Kenyans in New England for a solution to end frequent burial fund raising while promoting a vibrant social-cultural and economic development by Kenyans in New England.”

74. According to the former president of NEKWA, Maina frequently presented the former NEKWA treasurer with bills to pay expenses on his leased business office located at 54 Cummings Park, Suite 312, Woburn, Massachusetts, 01801. Maina claimed that these bills were in connection with work done for NEKWA.

75. The former president of NEKWA stated that she did not believe any of these bills were related to NEKWA activities.

76. In order to obtain membership to NEKWA, individuals must pay \$50.

77. According to NEKWA members, Maina uses his association with NEKWA to meet other Kenyans to invest in his various businesses.

78. In addition, bank records show that Maina also uses his association with NEKWA to obtain funds to deposit in his personal bank account. (Exhibit 9)

79. Until January 8, 2013, the Maina was the Vice President of NEKWA. After January 8, 2013, Maina filed a change of officers and directors with the office of the Secretary of the Commonwealth of Massachusetts which now lists him as President of NEKWA.

80. According to the former president of NEKWA, Maina did not follow any of NEKWA's bylaws in making these changes and did not notify NEKWA members or the previous officers and directors that these changes would take place.

81. Maina also asked the former president to turn over the NEKWA checkbook.

82. The former NEKWA president refused to turn over the checkbook because of Maina's failure to follow the NEKWA bylaws when replacing the officers and directors.

D. Additional Organizations and Fictitious Businesses Related to Maina

83. Ajabu Africa is an organization created by Maina with a domain name of www.ajabuafrica.com.

84. This domain is registered to Harison Maina, JH Creations, 54 Cummings Park, Suite 312, Woburn, Massachusetts, 01801. This annual registration was last renewed on December 16, 2012.

85. The website states in part:

Ajabuafrica.com, being a Christian faith based news organization, is at the forefront of projecting the success and goodness of Africa, which calls up everyone in Africa to rise up and shine in unity by supporting our people, our businesses and our institutions!

We also recognize that not everyone in the western world has a negative view of Africa. In our quest to educate those who may not have had a chance to learn about Africa directly from the Africans themselves (for a fair and balanced point of view), *AjabuAfrica.com welcomes progressive partnerships, grants, loans or donations from any individual, organization or government* who may want to help us achieve our goals faster and more efficiently.

(Exhibit 10) Emphasis added.

86. Also found on the Ajabu Africa website is a business called "Ajabu Ventures" (different to the Ajabu Ventures investment sold to Investor 2) that purportedly offers "Hilarious African

Wildlife and Safari Adventures.” The website states that tour packages are sold through booking offices located at 54 Cummings Park, Suite 312, Woburn, Massachusetts, 01801.

87. Also found on the AjabuAfrica website is a section called “Ajabu Properties.”

88. Ajabu Properties is purportedly a business that offers to “assist Kenyans in the Diaspora to own property in the motherland as most of them have no means and access to right information at the right time. Mortgages will be availed to those who qualify. Rarely has anyone Kenyan based in the USA or U.K has failed to qualify unless they did not provide all the legal documents required.”

89. The Ajabu Properties websites asks Kenyans interested in financing to go to the website for the Kenya Commercial Bank at www.kcbbankgroup.com and “Download the Personal Account form and the Individual/Joint Borrowers/Partnership Mortgage forms for opening mortgage accounts and for loan application.” (Exhibit 11).

90. It is not known whether or not the Kenya Commercial Bank is aware of the use of the forms that it has available on its website or whether it is aware of the link between Ajabu Properties and its website.

91. The Ajabu Properties website further states that after downloading these forms from the website, Kenyans should send these documents to Ajabu Properties at 54 Cummings Park, Suite 312, Woburn, Massachusetts, 01801 along with:

1. Copy of your Kenyan passport.
2. Copy of your Kenyan ID
3. 4-passport size photos.
4. Your bank statements for the last 6-months
5. Your pay-slips for 3 months.
6. A letter from your employer showing you work

92. Geonet Communications Group, Inc. is a business with an internet domain at www.geonetusa.com. This business sells telecommunication services and also pre-paid telephone cards for service “primarily between North America and Africa.”

93. On information and belief, Maina purchases pre-paid phone cards and re-sells them at a mark-up to individuals within the New England Kenyan community even though these pre-paid telephone cards are available for purchase directly from the Geonet Communications Group, Inc. website.

94. “African Awards Gala” is an organization founded by Maina with a domain name of www.africanawardsgala.org.

95. The African Awards Gala domain name is registered to Harison Maina, JH Creations, 54 Cummings Park, Suite 312, Woburn, Massachusetts, 01801. This annual registration was last renewed on June 15, 2012.

96. “Ajabu Awards” is an organization founded by Maina with domain names of www.ajabuawards.com and www.ajabuawards.org.

97. Both Ajabu Awards domains are registered to Harison Maina, JH Creations, 54 Cummings Park, Suite 312, Woburn, Massachusetts, 01801. Both annual registrations were last renewed on June 25, 2012.

98. The African Awards Gala website and Ajabu Awards website contain nearly identical content. Both websites state that, “Harison Maina, CEO of Ajabu Media Communications founded the Ajabu African Awards to honor the progress of Africans in the Diaspora in line with our long held policy of providing a platform to members of the African community to come together and help in uplifting the morale and self-esteem of Africans.”

99. "Shining Hope Initiative" is an organization with a domain name of www.shininghopeonline.org. This domain is registered to Harison Maina, JH Creations, 54 Cummings Park, Suite 312, Woburn, Massachusetts 01801. This annual registration was last renewed on October 6, 2012.

100. The mission of the Shining Hope Initiative states:

Shining Hope is a Non-Profit organization dedicated to providing Supplementary Real Life Education and Social Support to AIDS Orphaned children in Kenya so as to encourage them to complete the now free Primary Education and therefore widen their horizons to the outer world."

Shining Hope aims at empowering the rural people in kenya (sic) who provide an important support to Children with cheap innovative ways to supplement their farm incomes by adopting production and competitive marketing of products that have stable prices and high demand in the Western World.

We hope to partner with other Non- Profit Organisations sharing similar aspirations with us in the whole East African and the Great Lakes Region to seek ways of providing a permanent solution to afflictions affecting our people.

(Exhibit 12)

101. On information and belief, Maina uses non-profit entities such as the NEKWA , African Awards Gala, Ajabu Awards, and Shining Hope Initiative to meet individuals within the New England Kenyan community in order to fund Respondents' various business enterprises.

VIII. VIOLATIONS OF THE MASSACHUSETTS UNIFORM SECURITIES ACT

A. Count 1:

1. Section 101 of the Act states that:

It is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly

- (1) to employ any device, scheme, or artifice to defraud,
- (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements

- made, in the light of the circumstances under which they are made, not misleading, or
- (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

MASS. GEN. LAWS ch. 110A, § 101.

2. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 101 above.

3. The conduct of Respondents, as described above, constitutes a violation of MASS. GEN. LAWS ch. 110A, § 101.

B. Count 2: Violation of Section 201(a)

4. Section 201(a) of the Act provides, in pertinent part: “(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).

5. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 101 above.

6. The conduct of Respondents, as described above, constitutes a violation of MASS. GEN. LAWS ch. 110A, § 201(a).

C. Count 3: Violation of Section 201(b)

7. Section 201(b) of the Act provides, in pertinent part:

(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. 110A, § 201(b).

8. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 101 above.

9. The conduct of Respondents, as described above, constitutes a violation of MASS. GEN. LAWS ch. 110A, § 201(b).

D. Count 4: Violation of Section 201(c)

10. Section 201(c) of the Act provides, in pertinent part: “(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).

11. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 101 above.

12. The conduct of Respondents, as described above, constitutes a violation of MASS. GEN. LAWS ch. 110A, § 201(c).

E. Count 5: Violation of Section 201(d)(i)

13. Section 201(d)(i) of the Act provides, in pertinent part:

(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)(i).

14. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 101 above.

15. The conduct of Respondents, as described above, constitutes a violation of MASS. GEN. LAWS ch. 110A, § 201(d)(i).

F. Count 6: Violation of Section 301

16. Section 301 of the Act provides:

It is unlawful for any person to offer or sell any security in the commonwealth unless:--

- (1) the security is registered under this chapter;
- (2) the security or transaction is exempted under section 402; or
- (3) the security is a federal covered security.

MASS. GEN. LAWS ch. 110A, § 301.

17. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 101 above.

18. The conduct of Respondents, as described above, constitutes a violation of MASS. GEN. LAWS ch. 110A, § 301.

IX. STATUTORY BASIS FOR SECURITIES DIVISION'S ACTION

19. Section 407A of the Act, entitled Violations; Cease and Desist Orders; Costs, 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(a).

20. The Division herein restates and re-alleges the facts and allegations set forth in paragraphs 1 through 101 above.

21. Respondents directly and indirectly engaged in the acts, practices and courses of business as set forth above in this Complaint and it is the Division's belief that Respondents will continue

to engage in the acts and practices similar in subject and purpose which constitute violations if not ordered to cease and desist.

22. The conduct of Respondents, as described above, constitutes a violation of 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 to enter an Order: (a) requiring Respondents, after notice and opportunity for hearing, to permanently cease and desist from acting as unregistered broker-dealers or investment advisers and investment adviser representatives; (b) requiring Respondents, after notice and opportunity for hearing, to permanently cease and desist from effectuating the offer and sale of unregistered securities in the Commonwealth until and unless the securities are properly registered or sold pursuant to an exemption from registration under the Act; (c) requiring Respondents, after notice and opportunity for hearing, to permanently cease and desist from fraudulent activity in violation of the Act and Regulations; (d) requiring Respondents to provide an accounting of all proceeds that were received as a result of the alleged wrongdoing, and to offer remuneration to fairly compensate victims for those losses attributable to the alleged wrongdoing; (d) requiring Respondents to disgorge all proceeds and other direct or indirect remuneration received from the alleged wrongdoing; (e) requiring Respondents to pay an administrative fine in an amount and upon such terms and conditions as the Director or Hearing Officer may determine; and (e) requesting the Director or Hearing Officer to take such further action against Respondents as may be deemed just and appropriate for the protection of investors.

XI. RELIEF REQUESTED

WHEREFORE, the Enforcement Section of the Division requests that the Director or Hearing Officer take the following actions:

- A. Find as fact all the facts and allegations set forth in paragraphs 1 through 101, inclusive of the Complaint;
- B. Find that all sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- C. Order Respondents to provide an accounting of all proceeds that were received as a result of the alleged wrongdoing and offer remuneration to fairly compensate all residents of the Commonwealth of Massachusetts who suffered losses attributable to the alleged wrongdoing;
- D. Order Respondents to disgorge all proceeds and other direct or indirect remuneration received from the alleged wrongdoing;
- E. Impose an administrative fine on Respondents in an amount and upon such terms and conditions as the Director or Hearing Officer may determine; and
- F. Take such further action against Respondents as may be deemed just and appropriate for the protection of investors.

**MASSACHUSETTS SECURITIES DIVISION
ENFORCEMENT SECTION**

By its attorneys,

A handwritten signature in black ink, appearing to read "Kimiko K. Butcher", written over a horizontal line.

Kimiko K. Butcher, Senior Enforcement Attorney
Gina M. Gombar, Deputy Enforcement Chief

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Dated: March 25, 2013