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SEC Charges New Defendant in \$43 Million Tribal Bonds Scheme

Litigation Release No. 24518 / June 27, 2019

Securities and Exchange Commission v. Jason Sugarman, No. 19-cv-5998 (S.D.N.Y., filed June 26, 2019)

The Securities and Exchange Commission today charged a Los Angeles man for his role in a fraudulent scheme to gain undisclosed control over two registered investment advisers so that he, his partner, and their associates could steal \$43 million of client funds they purported to invest in Native American tribal bonds.

[► SEC Complaint](#)

The SEC alleges that Jason Sugarman, formerly associated with a registered broker-dealer and investment adviser, directed the scheme along with Jason Galanis, whom the SEC has previously charged with securities fraud. According to the SEC's complaint, Sugarman secured financing to acquire control of investment advisers so that he and his associates could use client funds to purchase Native American tribal bonds. The SEC further alleges that Sugarman and his associates gained control over the disposition of the bond sale proceeds, and that although the proceeds were supposed to be invested in annuities to benefit the tribal corporation and repay the bondholders, Sugarman and his associates instead misappropriated the proceeds for their own benefit.

The Commission has previously [charged Galanis and seven other individuals](#) for their roles in the tribal bonds scheme. Galanis, who pleaded guilty to parallel criminal charges arising from his role in the tribal bonds scheme, is currently incarcerated.

The SEC's complaint charges Sugarman with violating or aiding and abetting violations of Sections 17(a)(1) and (3) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934, and Rules 10b-5(a) and (c) thereunder. The complaint seeks monetary and equitable relief against Sugarman.

The SEC's investigation is being conducted by Tejal D. Shah, Nancy A. Brown, Christopher Ferrante, and Adam S. Grace. The litigation will be led by Ms. Brown and Ms. Shah. The case is being supervised by Mr. Wadhwa. The SEC appreciates the assistance of the U.S. Attorney's Office for the Southern District of New York, the Federal Bureau of Investigation, the U.S. Postal Inspection Service, the Bermuda Monetary Authority, and the Liechtenstein Financial Market Authority.

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