Filing # 130496585 E-Filed 07/12/2021 06:32:58 PM

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA
CIVIL DIVISION

STATE OF FLORIDA,
OFFICE OF FINANCIAL REGULATION,

Plaintiff,

vs. CASE NO.:

NATIONAL SENIOR INSURANCE, INC.
D/B/A SEEMAN HOLTZ,
MARSHAL SEEMAN,
CENTURION INSURANCE SERVICES GROUP, LLC,
BRIAN J. SCHWARTZ,
EMERALD ASSETS 2018, LLC,
INTEGRITY ASSETS 2016, LLC,
INTERGRITY ASSETS, LLC,
PARA LONGEVITY 2014-5, LLC,
PARA LONGEVITY 2015-3, LLC,
PARA LONGEVITY 2015-5, LLC
PARA LONGEVITY 2016-3, LLC,
PARA LONGEVITY 2016-5, LLC,
PARA LONGEVITY 2018-3, LLC,
PARA LONGEVITY 2018-5, LLC,
PARA LONGEVITY 2019-3, LLC,
PARA LONGEVITY 2019-5, LLC,
PARA LONGEVITY 2019-6, LLC,
PARA LONGEVITY VI, LLC,
SH GLOBAL, LLC N/K/A PARA LONGEVITY V, LLC,
ALTRAI GLOBAL, LLC A/K/A ALTRAI HOLDINGS, LLC,
VALENTINO GLOBAL HOLDINGS, LLC,
AMERITONIAN ENTERPRISES, LLC,
SEEMAN-HOLTZ CONSULTING CORP.,
CENTURION ISG Holdings, LLC,
CENTURION ISG Holdings II, LLC,
CENTURION ISG (Europe) Limited,
CENTURION ISG SERVICES, LLC,
CENTURION ISG FINANCE GROUP LLC,
CENTURION FUNDING SPV I LLC,
CENTURION FUNDING SPV II LLC,
GRACE HOLDINGS FINANCIAL, LLC,
PRIME SHORT TERM CREDIT INC.,

Defendants,

THE ESTATE OF ERIC CHARLES HOLTZ,
SEEMAN HOLTZ PROPERTY AND CASUALTY, LLC
F/K/A SEEMAN HOLTZ PROPERTY AND CASUALTY, INC.,
SHPC HOLDINGS I, LLC,

Relief Defendants.
_____/

COMPLAINT FOR TEMPORARY AND PERMANENT INJUNCTION, APPOINTMENT OF RECEIVER, RESTITUTION, CIVIL PENALTIES, AND OTHER STATUTORY AND EQUITABLE RELIEF

Plaintiff, State of Florida, Office of Financial Regulation ("OFR"), the state agency authorized to enforce chapter 517, Florida Statutes, the *Florida Securities and Investor Protection Act*, files this Complaint for injunctive relief, the appointment of a receiver, restitution, civil penalties, and other statutory and equitable relief as authorized by § 517.191, Florida Statutes, and alleges as follows with respect to the Defendants and the Relief Defendants described herein:

SUMMARY OF CLAIM

1. This civil action seeks to halt the securities fraud scheme and common enterprise operated and controlled by Defendant Marshal Seeman ("Seeman") and Seeman's recently deceased business partner, Eric Charles Holtz ("Holtz") from Boca Raton, Florida. Seeman and Holtz were assisted in the scheme and enterprise (the "SH Enterprise") by Defendant Brian J. Schwartz ("Schwartz"), who primarily acted as the SH Enterprise's untitled chief financial officer. As part of the SH Enterprise, Seeman, Holtz and Schwartz ("SH&S") created and operated a myriad of corporate entities, certain of which are named as Defendants or Relief Defendants in this Complaint and certain of which are no longer active corporate entities. Generally, Seeman acted as the chief executive officer of the SH Enterprise, Holtz focused on sales and marketing, and Schwartz

focused on financials and accounting. The SH Enterprise raised more than $400 million in capital since 2011, through the sale of unregistered securities in the form of purportedly secured promissory notes ("notes"). On information and belief, there are currently more than $300 million in outstanding notes held by more than 1,000 current investors, many holding more than one note.

2. The notes were purportedly secured by viaticated life settlement policies ("life settlements" or "policies") and other insurance-related assets. Investors were misled regarding the SH Enterprise's profitability, the existence of sufficient life settlements and other assets securing their investments, and the perfection of security interests in those assets. The SH Enterprise is a Ponzi-like scheme as new investor monies were commingled within the common enterprise and used to repay prior investors in the ongoing scheme thereby providing the appearance of profitability. SH&S received unjust enrichment from the commingled proceeds of the SH Enterprise's unlawful financing scheme as salaries and management fees. SH&S also misappropriated investor funds by not using investor funds as described in offering materials but instead using the proceeds to fund the SH Enterprise's operation and to make Ponzi-type payments to investors.

3. At present, the SH Enterprise note program is believed to have at least $300 million in liabilities and assets of approximately $110 million. As of at least May 2021, and as provided in a growing number of civil suits filed by individual investors, the SH Enterprise was not paying interest to note holders and is failing to return their principal upon expiration of the terms of the notes. Certain stock interests in an insurance agency acquisition and consolidation company (Relief Defendant Seeman Holtz Property and Casualty, LLC) that were purportedly pledged by a holding company controlled by Seeman

and Holtz (Relief Defendant SHPC Holdings I, LLC) to make up the note program shortfall, were, upon information and belief, foreclosed in June 2021 through collection efforts of that company's creditors.

4. To further the SH Enterprise, SH&S used affiliated/in-house insurance agent-employees, who were not registered with the OFR, to offer and sell the unregistered notes, thereby operating as an unregistered securities dealer. SH&S mischaracterized the sales agents' compensation as insurance client servicing fees to mislead the OFR and other securities regulators. Notes were also sold to certain investors who were not qualified as accredited investors.

5. The SH Enterprise entity employing the sales agents (Defendant National Senior Insurance, Inc. d/b/a Seeman Holtz), and the sales agents, also acted as unregistered investment advisers, holding themselves out through advertisements as wealth managers, as "a leader in pre and post retirement planning," and as a "comprehensive advisory," and by providing services as to the advisability of investing in the note securities. These parties for the benefit of the SH Enterprise also facilitated the liquidation of other securities and IRA holdings and investors' use of self-directed IRAs to purchase the notes.

6. The note securities were not registered with the OFR, exempt from registration, or federal covered securities. SH&S has also misled the OFR as to ongoing fund-raising activities involving the offer and sale of additional unregistered securities in the form of stock. The OFR recently discovered that the SH Enterprise utilizes the same sales agents to solicit existing note investors and others to purchase stock in Defendant Prime Short Term Credit Inc. ("PSTC"). In at least one instance, Holtz told a sales agent that PSTC was "partnering" with "Seeman Holtz." Holtz also facilitated a higher dividend

rate on the stock for an investor. Bank records through April 2021 indicate the majority of investor funds provided to PSTC in connection with stock purchases by note investors are quickly transferred to the SH Enterprise and commingled. On information and belief, these stock sales are continuing. The PSTC stock shares were not registered with the OFR, exempt from registration, or federal covered securities.

7. The activities of SH&S and the SH Enterprise entity Defendants are in violation of various provisions of chapter 517, Florida Statutes, including §§ 517.301, 517.12, and 517.07, Florida Statutes.

JURISDICTION AND VENUE

8. This action is specifically authorized by § 517.191(1), Florida Statues, which authorizes the OFR to bring this action before this Court to enjoin persons from violations of chapter 517, Florida Statutes, and to enjoin any other persons concerned in or in any way participating in or about to participate in such practices or engaging therein or doing any act or acts in furtherance thereof or in violation of this chapter.

9. Section 517.191(1), Florida Statutes, further provides that in any such action the equity courts shall have jurisdiction of the subject matter, and a judgment may be entered awarding such injunction as may be proper.

10. The relief sought is further authorized by § 517.191(2), Florida Statues, which provides for the appointment of a statutory receiver, and as well by the Court's inherent equitable power to appoint a receiver.

11. The relief sought is further authorized by § 517.191(2) and (3), Florida Statues, which respectively provide for an order of restitution and the imposition of civil penalties.

12. This action is within the jurisdiction of this Court under Article V, § 5(b) of the Constitution of the State of Florida, which identifies Circuit Court Jurisdiction, and by operation of § 26.012(2)(c) and (3), Florida Statutes, which identifies Circuit Court jurisdiction in cases in equity and authorizes the issuance of injunctions.

13. This action seeks restraint of acts and practices of the Defendants and Relief Defendants that have occurred, are occurring or are about to occur in and from Palm County, Florida, and from counties throughout the State of Florida.

14. Venue is proper in Palm Beach County, Florida, as the Defendants and Relief Defendants are principally located in Palm Beach County and the Defendants issued securities and accepted deposits from offices within Palm Beach County.

PARTIES, CORPORATE RELATIONSHIPS, AND NON-PARTIES

15. Plaintiff OFR is the State of Florida agency responsible for the regulation of the securities industry pursuant to § 20.121(3)(a)2 and § 517.03, Florida Statutes.

16. Defendant NATIONAL SENIOR INSURANCE, INC. D/B/A SEEMAN HOLTZ ("National Senior Insurance") is a Florida corporation doing business from the SH Enterprise's offices at 301 Yamato Road, Boca Raton, Palm Beach County, Florida.

17. Defendant SEEMAN is an adult, natural person who upon information and belief resides in Boca Raton, Palm Beach County, Florida.

18. HOLTZ was an adult, natural person who, upon information and belief, passed away on or about June 11, 2021, and resided in Sea Ranch Lakes, Broward County, Florida.

19. The OFR brings this action against Relief Defendant THE ESTATE OF ERIC HOLTZ ("Holtz Estate") and any successor in interest, any personal representative

or administrator of the Holtz Estate for restitution, the return of ill-gotten gains, and unjust enrichment.

20. During all times material hereto, Seeman and Holtz were the principals, managers, and 100% owners of National Senior Insurance, serving respectively as president and vice president.

21. Defendant CENTURION INSURANCE SERVICES GROUP, LLC ("Centurion") is an Ohio limited liability company formed on March 4, 2011, that has operated since February 2015 from the SH Enterprise's offices located at 301 East Yamato Road, Boca Raton, Florida.

22. Defendant SCHWARTZ is an adult, natural person who has been a Florida resident since February 2015, and upon information and belief resides in Boca Raton, Palm Beach County, Florida.

23. During all times material hereto, SH&S were the principal officers and indirect owners of Centurion, collectively holding 100% of such ownership interests through the following Defendants ALTRAI GLOBAL, LLC A/K/A ALTRAI HOLDINGS, LLC; VALENTINO GLOBAL HOLDINGS, LLC; and AMERITONIAN ENTERPRISES, LLC.

24. The term "Private Placement Entity" or "PPE" was utilized by the Defendants when referring to a limited liability company that was organized by Seeman and Holtz and that issued purportedly secured promissory notes as part of the Defendants' investment enterprise.

25. Defendants EMERALD ASSETS 2018, LLC ("Emerald 2018"); INTEGRITY ASSETS 2016, LLC ("Integrity 2016"); INTEGRITY ASSETS, LLC

("Integrity"); PARA LONGEVITY 2014-5, LLC ("PL 2014-5"); PARA LONGEVITY 2015-3, LLC ("PL 2015-3"); PARA LONGEVITY 2015-5, LLC ("PL 2015-5"); PARA LONGEVITY 2016-3, LLC ("PL 2016-3"); PARA LONGEVITY 2018-3, LLC ("PL 2018-3"); PARA LONGEVITY 2018-5, LLC ("PL 2018-5"); PARA LONGEVITY 2019-3, LLC ("PL 2019-3"); PARA LONGEVITY 2019-5, LLC ("PL 2019-5"); PARA LONGEVITY 2019-6, LLC ("PL 2019-6"); PARA LONGEVITY VI, LLC ("PL VI"); and SH GLOBAL, LLC N/K/A PARA LONGEVITY V, LLC ("SH Global") (each of the above collectively, the "Defendant Private Placement Entities" or the "Defendant PPEs") are Georgia limited liability companies. Seeman and Holtz, now the Holtz Estate, are the sole owners, directly or indirectly, and member managers of each of the PPEs. Although not registered to do business in Florida through the Florida Secretary of State, the Defendant PPEs were operated from the SH Enterprise's offices at 301 Yamato Road, Boca Raton, Florida, and offered, sold, and issued promissory notes from offices in Florida.

26. Defendant VALENTINO GLOBAL HOLDINGS, LLC ("Valentino") is a Delaware limited liability company controlled by Defendant Seeman, who served as its sole member at all times material hereto. On information and belief, Relief Defendant Valentino owns one-third of Centurion and Centurion's related subsidiaries, described below. Valentino is operated from Florida by Seeman, a Florida resident.

27. Defendant ALTRAI GLOBAL, LLC A/K/A ALTRAI HOLDINGS, LLC ("Altrai") is a Delaware limited liability company controlled by Holtz until his passing. Holtz served as its sole member at all times material hereto. On information and belief, Relief Defendant Altrai owns one-third of Centurion and its related subsidiaries, described below. Altrai was operated from Florida by Holtz, a Florida resident.

28. Defendant AMERITONIAN ENTERPRISES, LLC ("Ameritonian") is a limited liability company controlled by Defendant Schwartz, who served as its sole member at all times material hereto. On information and belief, Relief Defendant Ameritonian owned one-third of Centurion and its related subsidiaries. Ameritonian is operated from Florida by Schwartz, a Florida resident.

29. Defendant SEEMAN-HOLTZ CONSULTING CORP. ("SH Consulting") is a Florida corporation doing business from the SH Enterprise's offices at 301 Yamato Road, Boca Raton, Florida. On information and belief, and during any period of time material to this Complaint, Seeman and Holtz owned 100% of SH Consulting and respectively served as president and vice president.

30. Defendant CENTURION ISG HOLDINGS, LLC ("Centurion ISG Holdings") is a Delaware limited liability company that operates from the SH Enterprise's offices at 301 Yamato Road, Boca Raton, Florida, and is owned, directly or indirectly, and controlled by Seeman, Holtz, and Schwartz. On information and belief, Centurion ISG Holdings owns 50% of GEMS, LLC, an entity which owns 100% of Centurion SPV I.

31. Defendant CENTURION ISG HOLDINGS II, LLC ("Centurion ISG Holdings II") is a Delaware limited liability company, that operates from the SH Enterprise's offices at 301 Yamato Road, Boca Raton, Florida, and on information and belief is owned, directly or indirectly, and controlled by SH&S.

32. Defendant CENTURION ISG (EUROPE) LIMITED ("Centurion ISG (Europe") was an entity formed in Ireland to hold life settlement policies and limited liability and operated from the SH Enterprise's offices at 301 Yamato Road, Boca Raton,

Florida, and on information and belief was owned, directly or indirectly, and controlled by SH&S.

33. Defendant CENTURION ISG SERVICES, LLC ("Centurion ISG Services") is a Delaware limited liability company that operates from the SH Enterprise's offices at 301 Yamato Road, Boca Raton, Florida, and is on information and belief is owned, directly or indirectly, and controlled by SH&S.

34. Defendant CENTURION ISG FINANCE GROUP LLC ("Centurion Finance Group") is a Delaware limited liability company that operates from the SH Enterprise's offices at 301 Yamato Road, Boca Raton, Florida, and on information and belief is owned, directly or indirectly, and controlled by SH&S.

35. Defendant CENTURION FUNDING SPV I LLC ("Centurion SPV I") is a Delaware limited liability company that operates from the SH Enterprise's offices at 301 Yamato Road, Boca Raton, Florida, and on information and belief is owned by JEMS, LLC.

36. Defendant CENTURION FUNDING SPV II LLC ("Centurion SPV II") is a Delaware limited liability company that operates from the SH Enterprise's offices at 301 Yamato Road, Boca Raton, Florida, and on information and belief is owned, directly or indirectly, and controlled by SH&S.

37. Defendants Centurion ISG Holdings, Centurion ISG Holdings II, Centurion ISG (Europe), Centurion ISG Services, Centurion Finance Group, Centurion SPV I, and Centurion SPV II hereinafter will be referred to as the "Centurion Related Entities."

38. Defendant GRACE HOLDINGS FINANCIAL, LLC ("Grace Holdings") is a Delaware limited liability company that operated, on information and belief, from the SH

Enterprise's offices and through agents, including Schwartz and National Senior Insurance and Centurion employees controlled by SH&S, located at 301 East Yamato Road, Boca Raton, Florida.

39. Defendant PSTC is a Delaware corporation with a principal place of business at 1219 Greenwood Drive, Wheaton, Illinois 60189. PSTC also indicates it does business from offices at 3N005 Woodview Drive, West Chicago, Illinois 60185. PSTC offers and sells securities in the State of Florida to Florida residents in the form of preferred stock, which PSTC issues.

40. Relief Defendant SEEMAN HOLTZ PROPERTY AND CASUALTY, LLC F/K/A SEEMAN HOLTZ PROPERTY AND CASUALTY, INC. ("SHPC LLC") is a Delaware limited liability company that operated from principal offices located at 301 East Yamato Road, Boca Raton, Florida. During all times material hereto, Seeman and Holtz were the majority owners and principal officers of SHPC LLC. SHPC LLC is in the business of buying and managing insurance agencies in Florida and in other states.

41. Relief Defendant SHPC HOLDINGS I, LLC ("SHPC Holdings") is an active Delaware limited liability company that operated from principal offices located at 301 East Yamato Road, Boca Raton, Florida. On information and belief, Seeman and Holtz were 100% owners of SHPC Holdings and served as the managers of SHPC Holdings.

42. Non-Party Coral Gables Title and Escrow, Inc. n/k/a Coral Gables Collateral Agency, Inc. ("Coral Gables Title and Escrow"), is a Florida corporation, doing business from offices in Miami, Florida.

43. Non-Party Coral Gables Title, Inc. ("Coral Gables Title") is an active Florida corporation organized on November 20, 2018, doing business from offices in Miami, Florida.

STATEMENT OF FACTS AND THE DEFENDANTS' COURSE OF CONDUCT RELEVANT TO ALL COUNTS

THE NOTE PROGRAM AND THE STRUCTURE OF THE SH ENTERPRISE

44. As early as the mid-2000's, when the life settlement industry was in its infancy, Defendants Seeman and Holtz were active in buying and selling life settlements in addition to their then principal business of selling life insurance and other insurance products through National Senior Insurance, from offices in Boca Raton, Florida.

45. Since 2011, Seeman and Holtz as president and vice president of National Senior Insurance respectively, and as its 100% owners, have managed and controlled National Senior Insurance and its sales agents. These sales agents would become the vehicle through which the SH Enterprise's unregistered securities were offered and sold. At all times material to this Complaint, Seeman and Holtz were each authorized signatories on National Senior Insurance's bank accounts, and most checks were issued utilizing Seeman's name as the signatory.

46. Holtz interacted extensively with the sales agents and was essentially the note program's sales and marketing manager. Seeman was responsible for policy issues and attended quarterly sales meetings. Sales agents escalated client complaints about the slowness and later stoppage of note repayments to Seeman. Certain complaints and alternative repayment schedules were negotiated by Schwartz, although promised repayments are in various stages of default. Seeman also told certain agents that they

should be wary of OFR inquiries and hire the same attorney as Seeman. On at least one occasion, Seeman actively discouraged a sales agent's cooperation with OFR.

47. By 2011, if not earlier, Seeman and Holtz began to raise capital through unregistered promissory note offerings to individual investors to fund the SH Enterprise's life settlement purchases.

48. In 2011, as part of the SH Enterprise, SH&S formed Defendant Centurion, an Ohio LLC, which was initially managed by Schwartz from offices in Ohio. Centurion was formed for use by the SH Enterprise to facilitate the purchase, holding and servicing of the life settlement portfolio that was acquired with investor funds. As further described below, the Defendant PPEs later loaned funds directly to Centurion so Centurion and the subsequently formed Centurion Related Entities could purchase, hold and service the life settlement portfolio. Schwartz served as president and chief executive officer of Centurion. Schwartz was the sole signatory on Centurion's bank accounts and on information and belief had signature authority on securities intermediary accounts holding life settlements.

49. According to Seeman, in response to an OFR inquiry, Seeman's and Holtz's names were not listed as officers of Centurion, as "...[t]he life insurance companies don't like people who own life settlements who are selling life insurance policies... [s]o that would be our intent to not be officers of a company that owns life settlements..." Instead, Centurion was nominally owned, operated, and controlled by three limited liability companies, Defendants Valentino, Altrai, and Ameritonian. Each of these entities owned one-third of Centurion, with Seeman owning Valentino, Holtz owning Altrai, and Schwartz owning Ameritonian.

50. By 2013, the SH Enterprise had raised approximately $58 million in funds primarily from individual investors utilizing a growing group of SH Enterprise related entities to perform tasks in furtherance of SH Enterprise's scheme.

51. By 2013, SH&S focused on holding the life settlement policies long term, which included increasingly costly obligations to make premium payments and pay investors their promised returns.

52. SH&S raised funds for this purpose through a series of PPEs. Each PPE was registered as a Georgia limited liability company. A new PPE was typically formed near the time of, or following the closing of an earlier PPE's note offering. Each PPE limited liability company was 50% owned by Seeman and 50% owned by Holtz as member managers. Seeman and Holtz were also the only signatories on PPE bank accounts. At all times material to this Complaint, each PPE was operated and managed by Seeman and Holtz from the SH Enterprise's corporate offices in Boca Raton.

53. By 2013, funds raised by the individual PPEs were not being directly invested in life settlements by the respective PPEs. Instead, investors' funds were transferred to Centurion and characterized as term loans from a PPE to Centurion, with interest payments to occur annually, unless extended by the PPE, which subsequently became common place. In certain loan records documenting these transactions, the face amount of the interest rate charged by the PPE to loan funds to Centurion was lower than the interest rate promised by the PPE to the individual note investors, who were essentially funding these loans.

54. In February 2015, Schwartz moved from Ohio to Florida and worked from the SH Enterprise's Boca Raton offices. While Schwartz was the president and chief

executive officer of Centurion, Schwartz's salary was at times paid by National Senior Insurance. On information and belief, Schwartz had several roles in the SH Enterprise including but not limited to: 1) operating Centurion without disclosing Seeman and Holtz's roles to the public; 2) overseeing the deposit of incoming investor funds into PPE accounts; 3) overseeing the rapid transfer of funds thereafter from the PPE accounts to Centurion's account via wire transfers; 4) overseeing the rapid disbursement of funds back to earlier PPEs to repay earlier investors or to fund life settlement obligations (the latter, occurring prior to Centurion obtaining a credit facility for premium payments in December 2018); and 5) accounting for the large number of back-to-back bank transactions each day. Schwartz has also performed work for specific PPEs by negotiating repayment timetables with investors whose payments were untimely, without fully disclosing that the SH Enterprise was essentially insolvent (as further described below) and without fully disclosing that these future payments were dependent on the SH Enterprise's ability to raise additional new capital or receive asset transfers from SHPC Holdings or SHPC LLC, which also were facing insolvency issues.

55. To further the SH Enterprise's illusion that the note program was not one large-integrated securities offering, each PPE typically had a numerical reference in the entity name indicating the primary year of the note offering followed by a number indicating the length of the note term in years, such as "Para Longevity 2014-5."

56. The promissory notes' material terms were substantially similar. Each noteholder entered into a promissory note with the PPE, pursuant to which the PPE agreed to pay interest to the investor over a certain specified period of time. Upon maturity of the note, the PPE agreed to return to the investor the original principal amount invested. The

investment period on the notes ranged from between 4 to 60 months, with the average being slightly over 30 months.

57. The interest rate on the notes was substantially higher than the rate an investor could receive from a financial institution by investing in a Certificate of Deposit or other low risk investment products. Typically, the average annual interest rate identified on the PPE's Notes was over 10% and ranged from about 7.25% to 18%. The investors could choose to receive their interest payment either monthly or quarterly, and some investors were allowed to defer the periodic interest to receive an even higher promised return.

58. Each PPE also charged a management fee ranging from 1% to 10% on gross proceeds of the sale of the PPE's notes. The management fee was to be paid to the issuing PPE's "Managing Member." Defendant SH Consulting was the entity through which these fees were typically collected, rather than by direct payments from the PPE to the PPE's managing member. On information and belief, SH Consulting dispersed funds directly or indirectly to Seeman and Holtz as well as SH Enterprise entities, further commingling the funds.

PPMs

59. Each of the PPEs used a Private Placement Memorandum ("PPM") in connection with each of the offerings which described the purported investment opportunity, risk of loss, and other material matters.

60. Generally, the PPMs stated that the minimum investment available was $50,000, although the PPE's managing member had the right to accept subscriptions for lesser amounts.

61. The PPMs acknowledged that the promissory notes were securities subject to state and federal securities laws and indicated that only "accredited investors" were eligible to purchase the securities. Although Seeman and Holtz represented to the OFR that all notes were sold to accredited investors and that one or both of them participated in each sale, some of the investors were not accredited, and some of the non-accredited and accredited investors who purchased notes did not deal with Seeman or Holtz at any time during the offer and sale of the notes.

ACTING AS A SECURITIES DEALER, USING UNREGISTERED SALES AGENTS, AND TOTAL PPE NOTE SALES

62. As part of the enterprise, notes issued by each of these successively formed PPEs were offered and sold by insurance agents ("sales agents") affiliated with Seeman and Holtz's insurance agency, Defendant National Senior Insurance. The sales agents offered the notes to existing insurance customers and other potential investors discovered through free lunch seminars and internet advertisements touting financial advice and insurance products.

63. The PPEs, as issuers of the notes, did not employ the sales agents. Instead, the sales agents were directly employed by National Senior Insurance, which was not registered with the OFR as a securities dealer, or in any other capacity during any period of time material to this Complaint.

64. SH&S, the PPEs, and the other Defendants as well as the sales agents were not registered with the OFR as securities dealers, as associated persons of a securities dealer, as securities issuers, or as investment advisers or associated persons of an

investment adviser, pursuant to § 517.12, Florida Statutes, during any period of time material to this Complaint.

65. The sales agents directly participated in the note offerings and sales in various ways, including: introducing investors to PPE offerings, providing PPMs and other related documents, answering investor questions, filling out subscription agreements for investor signatures, filling out questionnaires about an investor's status as an "accredited investor," obtaining purchase checks from investors, returning checks to National Senior Insurance and Centurion, and at the end of the note's term similarly working with investors on rollover transactions.

66. Typically, the sales agents reported directly to Holtz. On information and belief, Holtz principally determined each sales agent's compensation, which was paid by National Senior Insurance and which included compensation for note sales. The sales agents had quarterly group meetings during which PPE note sales and insurance sales were discussed with Holtz. Seeman also attended the meetings. The offer and sale of notes was a component of the sales agents' employment and agents were evaluated based on, among other things, the amount of note sales. On information and belief, in approximately 2015, Seeman and Holtz changed the terminology used to describe the sales agents' compensation, switching from commission to "salary," with compensation still tied to overall note and insurance sales, and evaluated quarterly. In approximately 2017, sales agents' compensation was renamed "client service pay." These changes, on information and belief, were made by the SH Enterprise to conceal the payment of compensation for note sales. Four of the most productive sales agents had salaries in 2019 in excess of $300,000.

67. The sales agents were paid compensation by National Senior Insurance for the offer and sale of the promissory notes. As such, these sales agents were not bona fide employees of the PPE issuers but bona fide employees of National Senior Insurance, which was acting as a securities dealer. The sales agents were therefore acting as unregistered associated persons of an unregistered securities dealer.

68. The SH Enterprise, through Seeman, Holtz, Schwartz, National Senior Insurance and their sales agents, offered and sold the note securities to Florida investors and investors from other states, which were issued by the PPEs, as follows:

Private Placement Entity	Amount in PPM	Amount Raised	# of Investors	1st Sale
Emerald Assets 2018, LLC	$ 15,000,000	$ 28,100,000	290	6/2017
Integrity Assets 2016, LLC	$ 25,000,000	$ 1,600,000	15	4/2016
Integrity Assets 2017, LLC	$ 25,000,000	$133,800,000	1,412	4/2016
Para Longevity 2014-5, LLC	$ 25,000,000	$ 25,300,000	314	10/2013
Para Longevity 2015-3, LLC	$ 25,000,000	$ 12,700,000	176	1/2015
Para Longevity 2015-5, LLC	$ 25,000,000	$ 24,700,000	281	1/2015
Para Longevity 2016-3, LLC	$ 25,000,000	$ 13,900,000	178	1/2016
Para Longevity 2016-5, LLC	$ 25,000,000	$ 44,800,000	490	1/2016
Para Longevity 2018-3, LLC	$ 25,000,000	$ 20,400,000	267	6/2017
Para Longevity 2018-5, LLC	$ 25,000,000	$ 66,700,000	719	6/2017
Para Longevity 2019-3, LLC	$100,000,000	$ 275,000	5	4/2019
Para Longevity 2019-5, LLC	$100,000,000	$ 25,000	1	4/2019
Para Longevity 2019-6, LLC	$100,000,000	$ 745,000	9	4/2019
Para Longevity VI, LLC	$100,000,000	$ 12,100,000	84	2/2019
SH Global, LLC	$ 25,000,000	$ 34,600,000	208	4/2016

69. The PPE notes, as described herein, are securities as defined by Section 517.021(22), Florida Statutes. At all times material to this Complaint, the PPE notes were not registered with the OFR.

70. On information and belief, SH&S structured each PPE note offering as distinct from the other PPE note offerings to avoid registering the offerings with the OFR and to avoid detection by the OFR. The PPE notes are substantially similar in form, term, use of funds and issuer, and are part of the SH Enterprise's scheme of financing. The PPE note offerings are an unregistered-integrated offering.

71. The promissory notes were not exempt from registration with OFR pursuant to § 517.051, Florida Statutes; neither were the notes offered and sold in transactions that were exempt from registration with OFR pursuant to § 517.061, Florida Statutes; nor were the notes a federal covered security, as defined by § 517.021(10), Florida Statutes.

MISREPRESENTATIONS AND OMISSIONS IN PPMs REGARDING LIQUIDITY AND OWNERSHIP

72. By fiscal year-end ("FYE") December 31, 2015, the cash flow defects in this investment program were apparent to SH&S. On June 7, 2016, Centurion's Certified Public Accountant issued a "going concern" opinion for Centurion focusing on growing liquidity demands and additional asset write-downs for FYE 2014, resulting in a net loss of $22.9 million in 2015. As the need for cash and liquidity demands continued to increase, SH&S continued to accelerate note sales through the SH Enterprise's sales agents, while failing to disclose the SH Enterprise's consolidated financial position to the individual investors or in the PPMs.

73. By 2015, Centurion increasingly relied on new investor funds received from PPEs to meet its note obligations. Centurion identified cumulative total borrowings from the PPEs growing to $135 million at FYE 2015; $157 million at FYE 2016; $193 million at FYE 2017; $250 million at FYE 2018, and $307 million at FYE 2019. While certain revenue was recognized by Centurion during these periods by claiming the increased value of its life settlement portfolio as the portfolio matured, such revenue did not keep pace with PPE borrowings and did not solve cash needs to pay investor returns or life settlement premiums. The growing Ponzi nature of this financing practice was apparent to SH&S as Centurion's reported net worth was $69 million at FYE 2015; $76 million at FYE 2016; $43 million at FYE 2017 (which included a "pledge" of shares by SH Holdings to

Centurion, purportedly valued at $35 million, as an asset: absent this pledge, Centurion's net worth was $8 million); $128 million at FYE 2018 (also including the "pledge" of shares by SH Holdings to Centurion, then purportedly valued at $198 million, as an asset: absent this pledge, Centurion had a negative net worth of $70 million); and on information and belief, Centurion had a negative net worth of $195 million at FYE 2019. The SH Enterprise's use of funds from new investors to pay old investors, rather than revenues from operations, also gave the appearance of profitability in order to gain new investors. Such activities are hallmarks of a Ponzi scheme.

74. Through 2018, the PPMs used to offer and sell notes represented that the financial condition of each PPE was not available to the prospective investor purportedly due to the PPE's "newly formed" status. The PPMs omitted disclosure of any relevant and material financial information about Centurion (e.g. that Centurion had received investor funds in the form of loans, that Centurion was operating at a loss, and that Centurion needed substantial additional liquidity in order to repay its existing loans to the PPEs). Instead, the PPMs made only superficial reference to the history of earlier-in-time PPEs and stated all were "current" on their obligations. Disclosure in these PPEs typically provided:

> Because the Company is newly formed and has not conducted any material operations to date, the Company has not prepared any financial statements and has no material revenues, assets, business, books, records or agreements.
> (PPM for PL 2018-5, page 20, underscore is in original PPM)

> None of the promissory notes issued to investors by the Existing Affiliate Funds in the Prior Fund Offerings has matured, and all interest payments due to noteholders are current.
> (PPM for PL 2018-5, page 25)

75. The PPMs issued at the direction of Seeman and Holtz also failed to disclose that Centurion's accountants had projected it would need $27 million per year in years

2016 through 2020 to fund life settlement premium payments, aside from repaying its massive borrowings from the PPEs.

76. In or about 2015, Seeman and Holtz organized Relief Defendant SHPC LLC, which was formed for the purpose of purchasing insurance agencies. SHPC LLC was principally funded over time by more than $150 million in loans received from a hedge fund. As discussed immediately below, SHPC LLC's name was first referenced in PPMs in 2019. On information and belief, Centurion loaned SHPC LLC over $12.8 million, which was funded with investor note proceeds, although the current outstanding balance of those loans is unknown to the OFR.

77. The business and funding relationship (i.e., financial interdependence) between the PPEs and Centurion was not referenced in any of the PPMs until 2019. At that time, the PPMs for the PL 2019-3, PL 2019-5, and PL 2019-6, PL VI, and SH Global offerings ("the 2019 PPE offerings") disclosed for the first time that Centurion would receive investor funds in the form of loans from the PPEs which would be "secured" by Centurion's assets. However, on information and belief, the PPMs falsely and misleadingly represented that Centurion owned 77.5% of SHPC LLC. Specifically, the PPMs for the 2019 PPE offerings provided:

> Company Purpose and Objectives:
>
> The Company's purpose and objectives are to raise capital through the offering and sale of the Notes, use the net proceeds therefrom to make secured loans to its affiliate, Centurion (the "Centurion Loans")...
>
> Centurion intends to use the proceeds ...to fund the operation and expansion of (a) Centurion's business of acquiring, holding for future sale or to maturity, and selling life insurance policies (such policies owned and held by Centurion are referred to herein as the "Life Insurance Policy Portfolio") and (b) SHPC's business of owning and operating a property and casualty insurance agency (the "Insurance Agency Business," and the cash-flowing assets of such

> business, the "Agency Assets"). Centurion owns, directly or indirectly, a 77.5% controlling equity interest in SHPC.
>
> The Notes will be secured by substantially all of the assets of Centurion, including (a) the Life Insurance Policy Portfolio and Centurion's 77.5% controlling, majority equity interest in SHPC [LLC] (collectively, the "Asset Portfolio")....

78. Although documentary evidence exists indicating that SHPC Holdings owned 75.56% of Defendant SHPC LLC at the time of all the 2019 PPE offerings, no evidence has been discovered by OFR indicating "Centurion owned, directly or indirectly, a 77.5% controlling equity interest in SHPC [LLC]" at the time of the use of the 2019 PPE offerings' PPMs. This apparent competing interest in the shares of Defendant SHPC LLC was not disclosed to investors.

79. Likewise, while shares of SHPC LLC were pledged by SHPC Holdings to secure a credit facility for SHPC LLC, and such were identified in a UCC-1 filing by a hedge fund creditor; and while purported pledges of shares by SHPC Holdings to Centurion may exist, UCC-1 filings have not been discovered by the OFR relating to those purported pledges. No credible evidence demonstrates that shares of SHPC LLC were actually transferred to Centurion such that Centurion could rightfully claim to investors that it owned any interest in SHPC LLC.

80. These false and misleading statements regarding the ownership of SHPC LLC by Centurion would be material to a reasonable investor's evaluation of the PPEs' integrated offering.

81. Additional misrepresentations and omissions were contained in the 2019 PPE offerings' PPMs, which referenced the face value of Centurion's life settlement policy portfolio ("$430 million in life insurance policy fixed returns death benefits") without

reference to Centurion's liquidity problems and negative net worth by at least December 31, 2018. These PPMs also referenced Centurion's purported 77.5% equity stake in SHPC LLC (with "a total estimated enterprise value of $381 million") without reference to SHPC LLC's material liquidity problems, growing debt obligations to a hedge fund, its deteriorating balance sheet, and the competing interest of SHPC Holdings in those same shares. Rather than providing meaningful financial disclosures regarding Centurion's true financial condition, the PPMs for the 2019 PPE offerings only offered prospective investors "upon request" a prior year's "unaudited" balance sheet and other limited, unaudited, interim financial information.

82. On information and belief, by FYE 2019, there were approximately $289 million in outstanding notes with the life settlement portfolio and other owned assets having a fair market value attributed by the Defendants of approximately $120 million, with overall liabilities significantly exceeding assets.

83. On information and belief, at present, there are more than $300 million in outstanding notes with the life settlement portfolio and other owned assets having an estimated fair market value of only about $110 million, with liabilities significantly exceeding assets by approximately $190 million.

84. The Defendants' investment program operated through the SH Enterprise remains insolvent with liabilities far exceeding assets and the inability to pay obligations as they become due.

MISREPRESENTATIONS AND OMISSIONS IN PPMs REGARDING SECURITY INTERESTS

85. The PPE securities offered and sold through the SH Enterprise were represented to be in the form of "secured" promissory notes. Prior to the 2019 PPE

offerings, each promissory note provided that the note would be secured by the assets of the respective PPE issuer:

> The Notes will be secured by the Company's assets pursuant to the Security Agreement in the form attached hereto as Exhibit "D" and will be subject to a Collateral Agency Agreement in the form attached hereto as Exhibit "E." (PL 2016-5)

86. Prior to the 2019 PPE offerings, note investors executed a Collateral Agency Agreement when they purchased the notes. The Collateral Agency Agreement stated that Coral Gables Title and Escrow was to assure perfection of security interests in underlying life settlements and other insurance-related assets as the Collateral Agent. The Collateral Agency Agreement was entered between the investor and Coral Gables Title and Escrow. Prior to the 2019 PPE offerings, each PPE issuer also entered a related Security Agreement with Coral Gables Title and Escrow assigning the PPE's assets.

87. Coral Gables Title and Escrow was not an active Florida corporation between September 2015 and February 2021. No credible evidence indicates that the security interests in the collateral were perfected through a UCC filing by Coral Gables Title and Escrow during any period of time material to this Complaint.

88. For PL-2019 offerings, the PPMs no longer referenced that the notes would be secured by the PPE's assets, instead providing "Notes will be secured by the Asset Portfolio owned or controlled by Centurion." The Security Agreement referenced Centurion as the "debtor" and Coral Gables Title (a different entity than Coral Gables Title and Escrow) as the Collateral Agent for the Secured Party. Investors also entered a Collateral Agency Agreement with Coral Gables Title.

89. No credible evidence demonstrates that the Security Interests in the collateral were perfected through a UCC filing by Coral Gables Title during any time

period of time material to this Complaint. On information and belief, following default on payments by the PPEs, investors have been unable to have Coral Gables Title act on the purportedly secured assets or have the issuer, managing member of the issuer, or Centurion place assets in a liquidating trust as provided by the PPMs.

90. Investors relied on misrepresentations that the notes being purchased were in fact "secured promissory notes." On information and belief, SH&S and their agents participating in the SH Enterprise were either aware that such security interests were not perfected, or were reckless or negligent by failing to confirm the existence of perfected security interests before claiming the notes were in fact secured. SH&S and their agents participating in the SH Enterprise, by identifying the notes as "secured," obtained investor money and engaged in transactions, practices, and a course of business that operated as a fraud on the investors.

OTHER MISREPRESENTATIONS AND OMMISSIONS TO PPE INVESTORS

91. The SH Enterprise's sales agents, while offering and selling the notes, routinely made misrepresentations as to the merits and safe nature the investment, using such terms as "100% absolutely guaranteed" and "secure," "totally safe," "safer than money in the bank," "not tied to the stock market," and "better than FDIC."

92. Sales agents also touted the "long-term track record" of the offerings and the represented the notes were "SECURED," as provided in this example of a letter sent to a prospective investor:

> It was a pleasure meeting you today! Over the years I have been told that prior to meeting me, my client's biggest concern was outliving their money. Due to the investments we offer, this concern has been eliminated. The fact is that we have cornered a niche market, and we have the long-term track record to prove it. I enclosed a client list (this is updated frequently) of clients who recently had their

investments mature. They have the same exact investment that I presented to you today -- ranging from $50,000 to over $10,000,000. Most have been with me for over 10 years, and they have always received their monthly interest payments and the return of their principle (plus accumulated interest) upon maturity. They are more than happy to speak with you.

The very best investment we offer is 7.25% fixed for 3 years (renewable). This way you would not have to worry about stock market losses, and your income would be fixed and certain. The best part is that the income this derives will cover your RMD. ***Sometimes you just have to take a leap of faith and go with your gut. The paperwork I enclosed is what SECURED note paperwork looks like, and if you over-analyze it (paralysis by analysis); you will do nothing.*** [emphasis added].

93. One of the Defendants' long-time and leading PPE sales agents (who, on information and belief, received $1.3 million in compensation in 2019) routinely used the following symbol indicating safety as part of his letterhead, when conveying information about the PPE offerings. And, despite the fact the sales agent was not registered in any capacity with OFR, the sales agent claimed he "specializ[ed] in fixed investments and fixed income," and "Complementary Advisory Service Always [Are] Available."

Seeman Holtz
1.800.722.9962
sussman@bellsouth.net
www.seemanholtz.com

94. The Defendants either had knowledge of such tactics by their sales agents or the Defendants were willfully blind to their use. The Defendants further created this false impression of safety through their misleading PPMs, which misrepresented that these "secured promissory notes" were secured.

THE COMMON ENTERPRISE, UNJUST ENRICHMENT AND MISAPPROPRIATED FUNDS

95. From at least February 2015, the SH Enterprise entities operated from common offices in Boca Raton, Florida; they shared common controlling ownership; they shared common officers; they shared employees; and they often comingled their illicit funds, and used those funds to pay various expenses incurred by the SH Enterprise, including marketing and advertising expenses, rent expenses, phone and computer expenses, legal expenses as well as salaries and bonuses to Enterprise employees, agents and/or affiliates.

96. SH&S received unjust enrichment from the commingled proceeds of the SH Enterprise's unlawful financing scheme in the form of salaries or other distributions through National Senior Insurance, Seeman Holtz Consulting, and other entities operated or controlled by SH&S.

97. SH&S further misappropriated investor funds by not using investor funds to operate purportedly "startup" investment entities as described in offering materials but instead using the proceeds to fund the SH Enterprise's operation and to make Ponzi-type payments to investors. Such misappropriations were used to create a false, deceptive and misleading appearance of potential profitability of the investment and to avoid disclosure of the true risks associated with the SH Enterprise's note program.

THE ROLE OF THE CENTURION RELATED ENTITIES IN THE SH ENTERPRISE

98. Between 2011 and the present, SH&S also organized, controlled, and operated the Centurion Related Entities, which are comprised of Defendants Centurion ISG

Holdings, Centurion ISG Holdings II, Centurion ISG (Europe), Centurion ISG Services, Centurion Finance Group, Centurion SPV I, and Centurion SPV II.

99. On information and belief, the Centurion Related Entities received, held and transferred SH Enterprise funds and other assets and performed various functions in furtherance of the SH Enterprise securities fraud, including:

a. Centurion SPV I held certain of the life settlement policies purchased directly or indirectly with investor funds.

b. Centurion ISG Holdings is a 50% owner of GEMS, LLC, an entity which owns 100% of Centurion SPV I, and therefore directly or indirectly held or partly controlled certain life settlement policies held by Centurion SPV I.

c. Centurion ISG (Europe) was the original entity holding the beneficial ownership of the life settlement policies and provided certain tax benefits due to this structure. Centurion ISG (Europe) may continue to hold beneficial ownership.

d. Centurion SPV II took the place of Centurion ISG (Europe) and also is a party to a credit facility provided by a lender in excess of $10 million, which now pays premiums for the life settlement portfolio. On information and belief, Centurion SPV II may hold legal or beneficial interests or entitlement rights in 70 or more life settlement directly or indirectly owned by Centurion.

e. Centurion ISG Services was set up to be the servicer to Centurion insuring premiums were paid, verifying coverage, and performing other administrative activities. Significant sums of investors' money moved through Centurion ISG Services bank accounts.

f. On information and belief, Centurion ISG Finance Group was created to pursue funds from individual investors similar to the activities associated with the use of PPEs.

SALES BY DEFENDANT GRACE HOLDINGS OF UNREGISTEREED PROMISSORY NOTES SECURED BY CENTURION OWNED INSURANCE POLICIES

100. Defendant Grace Holdings, a Delaware limited liability company, was formed by Daniel Mahalic ("Mahalic"), on or about May 8, 2019. On information and belief, Mahalic was acquainted with Seeman prior to Grace Holdings' formation and at times was listed on SHPC's employee contact list. Unlike the earlier created PPE entities, Grace Holdings was not organized in Georgia and did not reference either Seeman or Holtz as being associated with the entity. On information and belief, Grace Holdings was created to join and raise capital for the SH Enterprise through the sale of promissory notes, under the direction and control of Mahalic and SH&S, to circumvent the regulatory scrutiny of the OFR.

101. Beginning in or about May 2019, soon after Grace Holdings' formation, the SH Enterprise, through the same sales agents employed by National Senior Insurance, began offering and selling promissory note securities issued by Grace Holdings ("GH notes") to investors in Florida and nationwide. As part of their job duties and employment for National Senior Insurance, and as indicated in meetings run by Holtz, the sales agents were expected to offer and sell GH notes to their customers. Sales agents were compensated by National Senior Insurance for offering and selling GH notes.

102. On information and belief, between May 2019 and December 2019, Grace Holdings sold at least $25 million in unregistered GH notes to approximately 175 investors,

including Florida investors and investors who were not accredited. Numerous investors who had purchased notes from the Defendant PPEs also purchased GH notes. Similar to the notes issued by the Defendant PPEs, Grace Holdings issued GH notes to investors and then used the proceeds raised from the offering to provide funding to Centurion. On information and belief, Grace Holdings purportedly received preferred unit securities from Centurion in exchange for approximately $25 million in investor funds provided to Centurion.

103. On information and belief, Schwartz participated in Grace Holdings' bank account opening activities, directed the deposit of funds received by Grace Holdings and the transfer of funds to Centurion, assisted with investor self-directed IRA account openings and money transfers that facilitated and resulted in GH note purchases, and was assisted in these activities by SH Enterprise administrative staff. Moreover, upon information and belief, Mahalic caused Grace Holdings' initial bank account checkbook to be overnighted to "Daniel Mahalic c/o Brian J. Schwartz, Centurion ISG Financials, 301 Yamato, Rd., Suite 2250, Boca Raton, FL 33431," at Seeman Holtz's corporate office location (and location of the SH Enterprise). Mahalic also directed that a $100,000 check mistakenly mailed to Grace Holdings' registered agent, rather than to Grace Holdings, be overnighted to "Brian J. Schwartz, SHPC Holdings, 301 Yamato Rd., Suite 2250, Boca Raton, FL 33431."

104. The SH Enterprise's sales agents directly participated in the GH note offering and sales in various ways, similar to their activities in the other PPE offerings, including: introducing investors to the GH note offering, answering questions, assisting customer's with executing 1) a "Promissory Note" agreement, 2) a Security Agreement,

and 3) a "Collateral Assignment of Interest in Life Insurance Policy," which purportedly secured the promissory note for the benefit of the investor; and obtaining and returning investors' purchase checks to employees of National Senior Insurance or Centurion (who reported to Schwartz).

105. Grace Holdings did not utilize a PPM or similar document summarizing the key terms, merits and risks of the offering; however, the GH notes were generally similar to the PPE notes as to length of term and rate of return promised. In at least one instance, an investor then aged 94, after requesting more information from his sales agent regarding the offering, met with Holtz and two sales agents of National Senior Insurance in Holtz's office in Boca Raton. The investor was told this was a prudent and safe investment and secured by a life settlement policy. Following Holtz's explanation of the GH note investment, the investor purchased the note.

106. Each GH note identified a specific "Life Policy" for which Grace Holdings purportedly held a security interest. Each GH note provided that the policy was held by Wells Fargo Bank N.A. for the benefit of Defendant Centurion SPV II, which is the entity that manages policies for Centurion. To purportedly secure the GH note, Grace Holdings granted the investor a security interest in the life settlement policy via a Security Agreement. Grace Holdings also assigned its interest to the investor via a Collateral Assignment of Interest in Life Insurance Policy. The specific policy was referenced in several investors' notes as being the policy subject to the Security Agreement and Collateral Assignment. In other investors' notes, different policies owned by Centurion were identified. No other reference was provided in the note or related security interest documents concerning any other Centurion Related Entity, Centurion, Seeman, Holtz,

Schwartz or to the SH Enterprise's history and financial problems. On information and belief, each security interest in a policy that was assigned by Grace Holdings involved policies from Centurion's portfolio that purportedly secured the PPE notes as well as Centurion SPV II's credit facility, which facility funded policy premium payments beginning in early 2019. On information and belief, Centurion also provided a security interest in its assets to a hedge fund to facilitate a credit facility for SHPC LLC. GH note investors were not advised of this material information.

107. On information and belief, the sales agents were neither aware nor made aware of material information regarding the GH note offering, including information about Mahalic's background and experience (or lack thereof), the proposed use of funds, the relationship between the SH Enterprise, SH&S and Mahalic, and how Grace Holdings came to have a security interest in specific policies held by Centurion SPV II. Despite this lack of significant information, the sales agents recommended, offered and sold the GH notes to investors.

108. Investors in GH notes were deceived by the material misrepresentations, omissions, and/or other misleading or deceitful practices of Mahalic, SH&S, and the SH Enterprise associated with the offer and sale of the GH notes.

109. On information and belief, and at all times material to this Complaint, Grace Holdings was controlled by Mahalic and SH&S, and operated as part of the SH Enterprise.

110. The GH notes are securities as defined by Section 517.021(22), Florida Statutes. At all times material to this Complaint, the GH notes were not registered with the OFR.

111. Grace Holdings and Mahalic were not registered with the OFR as securities dealers, as associated persons of a securities dealer, as securities issuers, or as investment advisers or associated persons of an investment adviser pursuant to § 517.12, Florida Statutes, during any period of time material to this Complaint.

112. On information and belief, Mahalic and SH&S attempted to structure the GH note offering as distinct from the PPE note offerings to avoid registering the offering with the OFR and to circumvent the regulatory scrutiny of the OFR. The GH notes and the PPE notes are substantially similar in form, term, use of funds and issuer, and are part of the SH Enterprise's scheme of financing. The GH note and PPE note offerings are an unregistered-integrated offering.

113. The GH notes were not exempt from registration with OFR pursuant to § 517.051, Florida Statutes; neither were the notes offered and sold in transactions that were exempt from registration with OFR pursuant to § 517.061, Florida Statutes; nor were the notes federal covered securities, as defined by § 517.021(10), Florida Statutes.

RECENT SALES BY DEFENDANT
PRIME SHORT TERM CREDIT INC.
OF PREFERRED STOCK

114. Defendant PSTC was incorporated as a Delaware corporation on February 5, 2020. PSTC indicates in marketing materials and on its website (www.primestc.com) that it makes short term investments in real estate and other hard assets at a significant discount to fair market value. PSTC's corporate filings indicate that it does business from offices in Illinois and identify Rich Burgess ("Burgess") as PSTC's chief executive officer.

115. PSTC offers and sells securities in the State of Florida to Florida residents in the form of preferred stock ("PSTC stock") pursuant to a PPM. The PPM provides that

PSTC offers preferred stock in three Series: Series A (8.5% return), Series B (a distribution of 70% of profits allocated to the shareholder with a 9% preferred annualized rate of return); and Series C (10% return). The PPM indicates the offering is exempt from registration pursuant to "Regulation D Rule 506." PSTC also filed a Form D, Notice of Exempt Offering of Securities, with the Securities and Exchange Commission, on or about June 8, 2020. indicating it was engaging in a Rule 506(b) offering. The Form D represented that PSTC had raised $797,000 to date but paid zero commissions or finders fees. Burgess is listed as submitting the Form D as CEO of PSTC.

116. PSTC's public website has referenced and continues to reference the existence of its investment program, its use of investor funds, and the opportunity to purchase "A, B, or C share class" and "once your institution submits investment, we begin calculating interest" and "monthly dividend (A/C Shares)."

117. In or around June 2020, Seeman and Holtz discussed the opportunity to offer and sell PSTC stock with the National Senior Insurance sales agents who had participated in the sale of PPE promissory notes. Sales agents were provided a PPM and advised that additional questions could be addressed by Burgess. Beginning at least by June 2020 and continuing through at least April 2021, Florida investors were solicited to invest in PSTC stock by the same sales agents used to sell the PPE and Grace Holdings promissory notes.

118. Bank records indicate that beginning in June 2020, PSTC opened a bank account, deposited investor funds, and began consistently forwarding funds to Centurion within days of receipt of new investor funds. Burgess is a signatory on PSTC's checking account. On information and belief, PSTC sold approximately $9.2 million in PSTC stock

to at least 80 investors, including Florida investors. At least 50 PSTC investors were prior investors in PPE notes. PSTC transferred at least $7.1 million to Centurion between June 2020 and April 2021.

119. Certain PSTC stock investors indicate their original PPE note sales agent discussed the PSTC offering with the investor and referred the investor to PSTC, once the investor indicated interest in PSTC stock. One PPE sales agent admitted he was paid fees by PSTC, characterized as "finder's fees," for simply referring clients to PSTC. One investor indicated this same agent explained the features of the PSTC investment opportunity before referring the client to PSTC. PSTC bank records also indicate funds were transferred to several SH Enterprise sales agents.

120. On information and belief, PSTC joined the SH Enterprise in or around June 2020, through Burgess and SH&S, with the goal of providing a very similar form of financing as had been provided to the SH Enterprise by the PPEs and Grace Holdings. Rather than notes, investors received preferred shares of PSTC stock, which promised to pay dividends at approximately the same rates of return offered by the PPE and Grace Holdings offerings. The PSTC website also indicates it obtains security interests from parties it funds, similar to the purported security interests obtained by investors in the PPE and Grace Holdings notes.

121. Holtz advised a sales agent that Burgess was going to "partner" with Seeman and Holtz to provide liquidity to Seeman and Holtz's life settlement business. The term "co-sponsored" fund was referenced by a sales agent in an email to Burgess requesting offering documents. Burgess responded with an email containing a PPM for PSTC as well as some documents for another investment fund Burgess indicated he operated. In another

instance, a Florida investor who had purchased PPE notes and $500,000 in PSTC stock was advised by his SH Enterprise sales agent that Holtz could obtain an even higher rate of return if the investor purchased additional shares of PSTC stock. After speaking with Holtz, the investor purchased an additional $400,000 in PSTC stock with a rate of return of 13%, which was 2% higher than the rate provided with his first purchase. In both instances, the rate was higher than that identified in the PPM provided to the investor.

122. On information and belief, Burgess and SH&S have operated and controlled PSTC and the PSTC stock program that raised funds for the SH Enterprise and paid fees to SH Enterprise sales agents.

123. The SH Enterprise sales agents, Holtz, and PSTC, through Burgess, failed and omitted to inform investors that PSTC would utilize the investment proceeds to provide funding to Centurion and pay commissions or fees to the SH Enterprise sales agents. These parties also failed and omitted to disclose Centurion's financial position and the true nature of security interests purportedly to be obtained by PSTC per its website. In one instance, Burgess falsely advised a prospective Florida investor that "...Our strategy is nearly entirely backed by real estate, and to such levels that we'd make more money if an individual or company doesn't pay us...Our strategy is very safe and very boring in nature... "

124. The PSTC stock as described herein are securities as defined by § 517.021(22), Florida Statutes. At all times material to this Complaint, the PSTC shares were not registered with the OFR.

125. On information and belief, Burgess and SH&S structured the PSTC stock offering as distinct from the PPE and Grace Holdings note offerings to avoid registering

the offering with the OFR and to circumvent the regulatory scrutiny of the OFR. The PSTC stock and the PPE notes are substantially similar in form, term, use of funds and issuer, and are part of the SH Enterprise's scheme of financing. The PSTC stock and the PPE and Grace Holdings note offerings are an unregistered-integrated offering.

126. In connection with the offer and sale of PSTC stock, PSTC and the SH Enterprise, through Mahalic, SH&S, and the SH Enterprise's sales agents, made misrepresentations or omissions to investors about the relationship between PSTC and the SH Enterprise; omitted to disclose the SH Enterprise's fraudulent enterprise, history, and financial condition; and misrepresented or omitted to disclose the intended use of funds, which funds were quickly transferred to the SH Enterprise rather than being made in investments "backed by real estate." PSTC, SH&S, and the other SH Enterprise Defendants obtained investor money from the sale of PSTC stock through these misrepresentations and omissions, and engaged in transactions, practices, and a course of business that operated as a fraud on the investors.

127. At all times material to this Complaint, PSTC was not registered with the OFR as a securities dealer or issuer. PSTC has used and paid unregistered sales agents, who are not registered as associated persons of a securities dealer, to offer and sell PSTC stock. PSTC has acted as an unregistered securities dealer in violation of § 517.12(1), Florida Statutes.

128. PSTC has engaged in general solicitation of investors in connection with its sale of PSTC stock. The shares were not exempt from registration with OFR pursuant to § 517.051, Florida Statutes; neither were the shares offered and sold in transactions that

were exempt from registration with OFR pursuant to § 517.061, Florida Statutes; nor were the shares federal covered securities, as defined by § 517.021(10), Florida Statutes.

FALSE AND MISLEADING STATEMENTS TO OFR

129. Seeman and Holtz, in connection with a matter within the jurisdiction of the OFR, falsely maintained to OFR that they personally made all sales of securities to PPE investors.

130. Seeman and Holtz, in connection with a matter within the jurisdiction of the OFR, falsely maintained to OFR that all investors in the PPE entities were accredited investors.

131. Seeman, Holtz and Schwartz, in connection with a matter within the jurisdiction of the OFR, falsely maintained to OFR in 2019 that all note sales and rollover transactions by their affiliated entities were terminated.

COUNT I
SECURITIES FRAUD: § 517.301(1)(a)1, 2, 3
(as to All Defendants except Grace Holdings and PSTC)

132. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

133. Section 517.301, Florida Statutes, entitled *Fraudulent transactions; falsification or concealment of facts*, provides at section (1)(a)1, 2, and 3, the following:

> (1) It is unlawful and a violation of the provisions of this chapter for a person:
> (a) In connection with the rendering of any investment advice or in connection with the offer, sale, or purchase of any investment or security, including any security exempted under the provisions of s. 517.051 and including any security sold in a transaction exempted under the provisions of s. 517.061, directly or indirectly:
> 1. To employ any device, scheme, or artifice to defraud;
> 2. To obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

3. To engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a person.

134. As to Count I, the Defendants (not including Defendants Grace Holdings and PSTC), and Holtz, at the direction and control of SH&S, and through the SH Enterprise in Florida, did directly and indirectly, and in connection with the offer and sale of PPE notes as investments or securities did: employ various devices, schemes, or artifice to defraud investors; obtain money or property by means of an untrue statement of a material fact or omissions to state a material fact; and engage in transactions, practices, or a course of business that operates or operated as a fraud or deceit upon the investors; a violation of each form of fraud for each offer and sale of an investment or security in this matter.

135. By reason of the foregoing, the Defendants in this Count and Holtz violated and unless enjoined, may continue to violate § 517.301(1)(a)1, 2, 3, Florida Statutes.

136. Pursuant to § 517.191, the OFR is entitled to an injunction against the Defendants in this Count and other legal and equitable relief against these Defendants and the Estate of Holtz requested below.

COUNT II
SALE OF SECURITIES BY UNREGISTERED DEALER, ISSUER OR ASSOCIATED PERSON: § 517.12(1)
(as to All Defendants except Grace Holdings and PSTC)

137. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

138. Section 517.12(1), Florida Statutes, entitled *Registration of dealers, associated persons, investment advisers, and branch offices*, provides:

> (1) No dealer, associated person, or issuer of securities shall sell or offer for sale any securities in or from offices in this state, or sell securities to persons in this state from offices outside this state, by mail or otherwise, unless the person has been registered with the office pursuant to the provisions of this section. The office shall

not register any person as an associated person of a dealer unless the dealer with which the applicant seeks registration is lawfully registered with the office pursuant to this chapter.

139. As to Count II, the Defendants (not including Defendants Grace Holdings and PSTC), and Holtz, at the direction and control of SH&S, and through the SH Enterprise, offered and sold PPE notes, from offices within Florida or to persons within Florida, on at least 3,000 occasions, without being properly registered with the OFR or exempt from such registration.

140. By reason of the foregoing, the Defendants in this Count and Holtz violated and unless enjoined, may continue to violate § 517.12(1), Florida Statutes.

141. Pursuant to § 517.191, Plaintiff OFR is entitled to an injunction against the Defendants in this Count and other legal and equitable relief against these Defendants and the Estate of Holtz requested below.

COUNT III
ACTING AS UNREGISTERED INVESTMENT ADVISERS OR ASSOCIATED PERSONS: § 517.12(4)
(as to All Defendants except Grace Holdings and PSTC)

142. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

143. Section 517.12(4), Florida Statutes, entitled *Registration of dealers, associated persons, investment advisers, and branch offices*, provides:

> (4) No investment adviser or associated person of an investment adviser or federal covered adviser shall engage in business from offices in this state, or render investment advice to persons of this state, by mail or otherwise, unless the federal covered adviser has made a notice-filing with the office pursuant to s. 517.1201 or the investment adviser is registered pursuant to the provisions of this chapter and associated persons of the federal covered adviser or investment adviser have been registered with the office pursuant to this section. The office shall not register any person or an associated person of a federal covered adviser or an investment adviser unless the federal covered adviser or investment adviser with which the applicant

> seeks registration is in compliance with the notice-filing requirements of s. 517.1201 or is lawfully registered with the office pursuant to this chapter. A dealer or associated person who is registered pursuant to this section may render investment advice upon notification to and approval from the office.

144. As to Count III, the Defendants (not including Defendants Grace Holdings and PSTC), and Holtz, at the direction and control of SH&S, and through the SH Enterprise, rendered investment advice on at least 1,000 occasions in connection with the offer and sale of PPE notes, GH notes and PSTC stock, from offices within Florida, or to persons within Florida, by mail or otherwise. On all such occasions, Defendants were not notice-filed as investment advisers with OFR, were not lawfully registered as associated persons of federal covered advisers, and were not registered with the OFR as investment advisers or associated persons of investment advisers, nor were they exempt from such registration.

145. By reason of the foregoing, the Defendants in this Count and Holtz violated, and unless enjoined, are likely to continue to violate, § 517.12(4), Florida Statutes.

146. Pursuant to § 517.191, Plaintiff OFR is entitled to an injunction against the Defendants in this Count and other legal and equitable relief against these Defendants and the Estate of Holtz requested below.

COUNT IV
SALE OF UNREGISTERED SECURITIES: § 517.07(1)
(as to All Defendants except Grace Holdings and PSTC)

147. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

148. The note offering and sale by each Defendant PPE were not separate and distinct offerings but one integrated scheme of financing directed and controlled by Seeman, Holtz, and Schwartz as part of the SH Enterprise.

149. Section 517.07(1), Florida Statutes, entitled *Registration of securities*, provides:

> (1) It is unlawful and a violation of this chapter for any person to sell or offer to sell a security within this state unless the security is exempt under s. 517.051, is sold in a transaction exempt under s. 517.061, is a federally covered security, or is registered pursuant to this chapter.

150. As to Count IV, the Defendants (not including Defendants Grace Holdings and PSTC), and Holtz, at the direction and control of SH&S, and through the SH Enterprise, offered and sold unregistered PPE note securities within Florida or from Florida on at least 3,000 occasions, which securities and securities transactions were not exempt from registration nor involved a federally covered security.

151. By reason of the foregoing, the Defendants in this Count and Holtz violated and unless enjoined, may continue to violate § 517.07(1), Florida Statutes.

152. Pursuant to § 517.191, Plaintiff OFR is entitled to an injunction against the Defendants in this Count and other legal and equitable relief against these Defendants and the Estate of Holtz requested below.

COUNT V
FALSE STATEMENTS TO THE OFR: § 517.301
(as to Defendants Seeman and Schwartz)

153. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

154. Section 517.301(1)(c), Florida Statutes, provides:

> (1) It is unlawful and a violation of the provisions of this chapter for a person:
>
> (c) In any matter within the jurisdiction of the office, to knowingly and willfully falsify, conceal, or cover up, by any trick, scheme, or device, a material fact, make any false, fictitious, or fraudulent statement or representation, or make or use any false writing or document, knowing the same to contain any false, fictitious, or fraudulent statement or entry.

155. Defendants Seeman and Schwartz, while in Florida, and Holtz, while in Florida, knowingly and willfully falsified, concealed, covered up, by trick, scheme or device, material facts and made false statements and writings concerning matters under investigation by the OFR.

156. By reason of the foregoing, the Defendants in this Count and Holtz violated, and unless enjoined, are likely to continue to violate, § 517.12(4), Florida Statutes.

157. Pursuant to § 517.191, Plaintiff OFR is entitled to an injunction against the Defendants Seeman and Schwartz and other legal and equitable relief against Defendants Seeman and Schwartz and the Estate of Holtz requested below.

COUNT VI
SECURITIES FRAUD: § 517.301(1)(a)1, 2, 3
(as to All Defendants except PSTC)

158. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

159. Section 517.301, Florida Statutes, entitled *Fraudulent transactions; falsification or concealment of facts*, provides at section (1)(a)1, 2, and 3, the following:

> (1) It is unlawful and a violation of the provisions of this chapter for a person:
> (a) In connection with the rendering of any investment advice or in connection with the offer, sale, or purchase of any investment or security, including any security exempted under the provisions of s. 517.051 and including any security sold in a transaction exempted under the provisions of s. 517.061, directly or indirectly:
> 1. To employ any device, scheme, or artifice to defraud;
> 2. To obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
> 3. To engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a person.

160. As to Count VI, the Defendants (not including Defendant PSTC), and Holtz, at the direction and control of Mahalic and SH&S, and through the SH Enterprise in Florida, did directly and indirectly, and in connection with the offer and sale of GH notes as investments or securities did: employ various devices, schemes, or artifice to defraud investors; obtain money or property by means of an untrue statement of a material fact or omissions to state a material fact; and engage in transactions, practices, or a course of business that operates or operated as a fraud or deceit upon the investors; a violation of each form of fraud for each offer and sale of an investment or security in this matter.

161. By reason of the foregoing, the Defendants in this Count and Holtz violated and unless enjoined, may continue to violate § 517.301(1)(a)1, 2, 3, Florida Statutes.

162. Pursuant to § 517.191, the OFR is entitled to an injunction against the Defendants in this Count and other legal and equitable relief against these Defendants and the Estate of Holtz requested below.

COUNT VII
SALE OF SECURITIES BY UNREGISTERED DEALER, ISSUER OR ASSOCIATED PERSON: § 517.12(1)
(as to All Defendants except PSTC)

163. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

164. Section 517.12(1), Florida Statutes, entitled *Registration of dealers, associated persons, investment advisers, and branch offices*, provides:

> (1) No dealer, associated person, or issuer of securities shall sell or offer for sale any securities in or from offices in this state, or sell securities to persons in this state from offices outside this state, by mail or otherwise, unless the person has been registered with the office pursuant to the provisions of this section. The office shall not register any person as an associated person of a dealer unless the dealer with which the applicant seeks registration is lawfully registered with the office pursuant to this chapter.

165. As to Count VII, the Defendants (not including Defendant PSTC), and Holtz, at the direction and control of Mahalic and SH&S, and through the SH Enterprise, offered and sold GH notes, from offices within the State of Florida or to persons within the State of Florida, on at least 175 occasions, without being properly registered with the OFR or exempt from such registration.

166. By reason of the foregoing, the Defendants in this Count and Holtz violated and unless enjoined, may continue to violate § 517.12(1), Florida Statutes.

167. Pursuant to § 517.191, Plaintiff OFR is entitled to an injunction against the Defendants in this Count and other legal and equitable relief against these Defendants and the Estate of Holtz requested below.

COUNT VIII
SALE OF UNREGISTERED SECURITIES: § 517.07(1)
(as to All Defendants except PSTC)

168. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

169. The GH note offering and sale was not a separate and distinct offering from the PPE note offerings but one integrated scheme of financing directed and controlled by SH&S with their agents as part of the SH Enterprise.

170. Section 517.07(1), Florida Statutes, entitled *Registration of securities*, provides:

> (1) It is unlawful and a violation of this chapter for any person to sell or offer to sell a security within this state unless the security is exempt under s. 517.051, is sold in a transaction exempt under s. 517.061, is a federally covered security, or is registered pursuant to this chapter.

171. As to Count VIII, the Defendants (not including Defendant PSTC), and Holtz, at the direction and control of Mahalic and SH&S, and through the SH Enterprise, offered and sold unregistered GH note securities within the state of Florida or from Florida on at least 175 occasions, which securities and securities transactions were not exempt from registration nor involved a federally covered security.

172. By reason of the foregoing, the Defendants in this Count and Holtz violated and unless enjoined, may continue to violate § 517.07(1), Florida Statutes.

173. Pursuant to § 517.191, Plaintiff OFR is entitled to an injunction against the Defendants in this Count and other legal and equitable relief against these Defendants and the Estate of Holtz requested below.

COUNT IX
SECURITIES FRAUD: § 517.301(1)(a)1, 2, 3
(as to All Defendants)

174. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

175. Section 517.301, Florida Statutes, entitled *Fraudulent transactions; falsification or concealment of facts*, provides at section (1)(a)1, 2, and 3, the following:

> (1) It is unlawful and a violation of the provisions of this chapter for a person:
> (a) In connection with the rendering of any investment advice or in connection with the offer, sale, or purchase of any investment or security, including any security exempted under the provisions of s. 517.051 and including any security sold in a transaction exempted under the provisions of s. 517.061, directly or indirectly:
> 1. To employ any device, scheme, or artifice to defraud;
> 2. To obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
> 3. To engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a person.

176. As to Count IX, the Defendants, and Holtz, at the direction and control of Burgess and SH&S, and through the SH Enterprise in Florida, did directly and indirectly, and in connection with the offer and sale of PSTC stock as investments or securities did: employ various devices, schemes, or artifice to defraud investors; obtain money or property by means of an untrue statement of a material fact or omissions to state a material fact; and engage in transactions, practices, or a course of business that operates or operated as a fraud or deceit upon the investors; a violation of each form of fraud for each offer and sale of an investment or security in this matter.

177. By reason of the foregoing, the Defendants in this Count and Holtz violated and unless enjoined, may continue to violate § 517.301(1)(a)1, 2, 3, Florida Statutes.

178. Pursuant to § 517.191, the OFR is entitled to an injunction against the Defendants in this Count and other legal and equitable relief against these Defendants and the Estate of Holtz requested below.

COUNT X
SALE OF SECURITIES BY UNREGISTERED DEALER, ISSUER OR ASSOCIATED PERSON: § 517.12(1)
(as to All Defendants)

179. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

180. Section 517.12(1), Florida Statutes, entitled *Registration of dealers, associated persons, investment advisers, and branch offices*, provides:

> (1) No dealer, associated person, or issuer of securities shall sell or offer for sale any securities in or from offices in this state, or sell securities to persons in this state from offices outside this state, by mail or otherwise, unless the person has been registered with the office pursuant to the provisions of this section. The office shall not register any person as an associated person of a dealer unless the dealer with which the applicant seeks registration is lawfully registered with the office pursuant to this chapter.

181. As to Count X, the Defendants, and Holtz, at the direction and control of Burgess and SH&S, and through the SH Enterprise in Florida, offered and sold PSTC stock, from offices within Florida or to persons within the Florida, on at least 80 occasions, without being properly registered with the OFR or exempt from such registration.

182. By reason of the foregoing, the Defendants in this Count and Holtz violated and unless enjoined, may continue to violate § 517.12(1), Florida Statutes.

183. Pursuant to § 517.191, Plaintiff OFR is entitled to an injunction against the Defendants in this Count and other legal and equitable relief against these Defendants and the Estate of Holtz requested below.

COUNT XI
SALE OF UNREGISTERED SECURITIES: § 517.07(1)
(as to All Defendants)

184. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

185. The PSTC stock offering and sale was not a separate and distinct offering from the PPE note offerings but one integrated scheme of financing directed and controlled by SH&S with their agents, either knowingly, recklessly or carelessly, as part of the SH Enterprise.

186. Section 517.07(1), Florida Statutes, entitled *Registration of securities*, provides:

> (1) It is unlawful and a violation of this chapter for any person to sell or offer to sell a security within this state unless the security is exempt under s. 517.051, is sold in a transaction exempt under s. 517.061, is a federally covered security, or is registered pursuant to this chapter.

187. As to Count XI, the Defendants, and Holtz, at the direction and control of Burgess and SH&S, and through the SH Enterprise, offered and sold unregistered PSTC stock securities within Florida or from Florida on at least 80 occasions, which securities and securities transactions were not exempt from registration nor involved a federally covered security.

188. By reason of the foregoing, the Defendants in this Count and Holtz violated and unless enjoined, may continue to violate § 517.07(1), Florida Statutes.

189. Pursuant to § 517.191, Plaintiff OFR is entitled to an injunction against the Defendants in this Count and other legal and equitable relief against these Defendants and the Estate of Holtz requested below.

COUNT XII
ACTION TO ENJOIN DEFENDANTS
AND RELIEF DEFENDANTS AS AUTHORIZED BY § 517.191(1)

190. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

191. Section 517.191(1), Florida Statutes, entitled *Injunctions to restrain violations*, provides:

> (1) When it appears to the office, either upon complaint or otherwise, that a person has engaged or is about to engage in any act or practice constituting a violation of this chapter or a rule or order hereunder, the office may investigate; and whenever it shall believe from evidence satisfactory to it that any such person has engaged, is engaged, or is about to engage in any act or practice constituting a violation of this chapter or a rule or order hereunder, the office may, in addition to any other remedies, bring action in the name and on behalf of the state against such person and any other person concerned in or in any way participating in or about to participate in such practices or engaging therein or doing any act or acts in furtherance thereof or in violation of this chapter to enjoin such person or persons from continuing such fraudulent practices or engaging therein or doing any act or acts in furtherance thereof or in violation of this chapter. In any such court proceedings, the office may apply for, and on due showing be entitled to have issued, the court's subpoena requiring forthwith the appearance of any defendant

and her or his employees, associated persons, or agents and the production of documents, books, and records that may appear necessary for the hearing of such petition, to testify or give evidence concerning the acts or conduct or things complained of in such application for injunction. In such action, the equity courts shall have jurisdiction of the subject matter, and a judgment may be entered awarding such injunction as may be proper.

192. As alleged in Counts I through XI, the Defendants have engaged in acts and practices in violation of Chapter 517, Florida Statutes.

193. The Relief Defendants are "concerned in" the practices of the Defendants and the Defendants' violative acts and practices by having received portions of the ill-gotten gains or other funds generated by the Defendants' scheme, misrepresentations, omissions, and registration violations.

194. Pursuant to § 517.191(1), the OFR is entitled to the issuance of an injunction against each Defendant and each Relief Defendant to enjoin such persons from further violations, and as requested in more detail below.

COUNT XIII
APPLICATION FOR APPOINTMENT OF RECEIVER AS AUTHORIZED BY § 517.191(2)

195. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

196. Section 517.191(2), Florida Statutes, provides:

(2) In addition to all other means provided by law for the enforcement of any temporary restraining order, temporary injunction, or permanent injunction issued in any such court proceedings, the court shall have the power and jurisdiction, upon application of the office, to impound and to appoint a receiver or administrator for the property, assets, and business of the defendant, including, but not limited to, the books, records, documents, and papers appertaining thereto. Such receiver or administrator, when appointed and qualified, shall have all powers and duties as to custody, collection, administration, winding up, and liquidation of said property and business as shall from time to time be conferred upon her or him by the court. In any such action, the court may issue orders and decrees staying all pending suits and enjoining any further suits affecting the receiver's or administrator's custody or

possession of the said property, assets, and business or, in its discretion, may with the consent of the presiding judge of the circuit require that all such suits be assigned to the circuit court judge appointing the said receiver or administrator.

197. Plaintiff herein applies for and requests the appointment of a Receiver over the assets of the entity Defendants. The facts set forth in this Complaint detail a fraudulent securities offering and enterprise having attributes of a Ponzi scheme. The Defendants have continue operating this illicit scheme obtaing additional investor funds through repeated misrepresentations and omissions, through unregistered sales agents, and through the sale of unregistered securities.

198. Appointment of a Receiver under the direction of this Court will also facilitate the location and protection of remaining assets and will facilitate disgorgement of any ill-gotten gains.

199. Additionally, appointment of a Receiver will assist both in preserving documents that are material and relevant to this matter, and in preventing the spoliation of evidence.

COUNT XIV
APPLICATION FOR RESTITUTION ORDER AGAINST THE DEFENDANTS AS AUTHORIZED BY § 517.191(3)

200. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

201. Section 517.191(3), Florida Statutes, provides as follows:

> (3) In addition to any other remedies provided by this chapter, the office may apply to the court hearing this matter for an order of restitution whereby the defendants in such action shall be ordered to make restitution of those sums shown by the office to have been obtained by them in violation of any of the provisions of this chapter. Such restitution shall, at the option of the court, be payable to the administrator or receiver appointed pursuant to this section or directly to the persons whose assets were obtained in violation of this chapter.

202. The OFR herein applies and requests orders of restitution against each of the Defendants and the Estate of Holtz of sums obtained in violation of chapter 517, Florida Statutes, as identified in Counts I – XI, in amounts to be established at a later time.

COUNT XV
APPLICATION FOR ORDER IMPOSING CIVIL PENALTIES AGAINST THE DEFENDANTS AS AUTHORIZED BY § 517.191(4)

203. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

204. The OFR herein applies and requests orders imposing civil penalties against each of the Defendants for violations of chapter 517, Florida Statutes.

205. Section 517.191(4), Florida Statutes, provides as follows:

> (4) In addition to any other remedies provided by this chapter, the office may apply to the court hearing the matter for, and the court shall have jurisdiction to impose, a civil penalty against any person found to have violated any provision of this chapter, any rule or order adopted by the commission or office, or any written agreement entered into with the office in an amount not to exceed $10,000 for a natural person or $25,000 for any other person, or the gross amount of any pecuniary gain to such defendant for each such violation other than a violation of s. 517.301 plus $50,000 for a natural person or $250,000 for any other person, or the gross amount of any pecuniary gain to such defendant for each violation of s. 517.301. All civil penalties collected pursuant to this subsection shall be deposited into the Anti-Fraud Trust Fund.

206. Plaintiff herein applies and requests orders of civil penalties against each of the Defendants in an amount per violation to be reasonably determined by the Court given the nature and gravity of the violations, the likelihood of future violations, the harm caused to investors, the deterrence effect on Defendants and any potential violators in the future, and any other factors the Court deems relevant.

COUNT XVI
EQUITABLE ACTION FOR ACCOUNTING AND DISGORGEMENT OF ILL-GOTTEN GAINS AND UNJUST ENRICHMENT

207. Paragraphs 1 through 131 are hereby realleged and are incorporated herein by reference.

208. Section 517.191(1), Florida Statutes, provides, in addition to injunction authority identified in Count XII, that "...In such action, the equity courts shall have jurisdiction of the subject matter..."

209. Investors provided funds to the Defendants in connection with the purchase of securities issued by or through the Defendants and the SH Enterprise.

210. Defendants provided investment advice, acted as unregistered securities issuers and dealers, sold unregistered securities, and engaged in securities fraud in connection with these sales, in violation of chapter 517, Florida statutes.

211. Investors funds were received by the Defendants in connection to violations of chapter 517, Florida Statutes.

212. Defendants and Relief Defendants, directly or indirectly, have received ill-gotten gains, misappropriations or unjust enrichment from certain Defendants in connection to the receipt of these investors' funds and in violations of chapter 517, Florida Statutes.

213. The exact amount of funds received and the exact amount of funds that may have been returned by the Defendants and Relief Defendants are unknown to the Plaintiff.

214. It would be inequitable for such amounts to remain with the Defendants and Relief Defendants as ill-gotten gains, misappropriations, and unjust enrichments, rather than being repaid to the investors, the rightful owners of these funds.

215. Plaintiff requests an order of the court directing the Defendants and Relief Defendants to account for all funds received directly or indirectly from the Defendants or agents of the Defendants, since 2013, and to identify the basis for such receipts.

216. Plaintiff requests an order of the court requiring Defendants and Relief Defendants to disgorge all ill-gotten gains, misappropriations, and unjust enrichment received directly or indirectly from the Defendants or agents of the Defendants, since 2013.

RELIEF REQUESTED

WHEREFORE, Plaintiff OFR respectfully requests that this Court utilize its legal and equitable powers as follows:

A. Enter a temporary and permanent injunction against all Defendants and Relief Defendants, and each of their agents, servants, employees and attorneys, and against any other person concerned in, or in any way participating in, or about to participate with them in the offer or sale of any security or investment, in violation of §§ 517.301, 517.12, and 517.07, Florida Statutes, and from any act or acts in furtherance thereof or in violation of Chapter 517, Florida Statute.

B. Appoint a Receiver over the assets of all entity Defendants.

C. Enter an order prohibiting the Defendants from accepting or depositing additional funds.

D. Enter an order requiring all Defendants and the Relief Defendants to submit an accounting of investor funds and other assets, including life settlements and insurance-related assets, received or transferred, since 2010, directly or indirectly from or to the Defendants, the Relief Defendants or from any

individual, entity or party in any way participating in the violations or in any way benefitting from the Defendants' violations.

E. Enter an order prohibiting the alteration or destruction of relevant documents, notes, emails, electronic records, computer equipment, and hard drives.

F. Enter an order requiring the repatriation of all assets which may be located abroad, which were obtained or derived from the above-described unlawful securities transactions, and the transfer such to the Receiver.

G. Enter an order freezing the assets of the Defendants and Relief Defendant Estate of Eric Charles Holtz, including all assets held for the direct or indirect benefit, or subject to the direct or indirect control, of the Defendants and the Relief Defendant pending a showing to the satisfaction of the Court that each Defendant and the Relief Defendant has satisfied the conditions identified in A through F herein, has returned all assets to the Receiver, and does not directly or indirectly retain control of Receivership assets or ill-gotten gains.

H. Enter an order allowing expedited discovery with regard to any issues arising under A through G above.

I. Enter an order requiring the Defendants to pay restitution equal to the total amount of investor funds received.

J. Enter an order imposing civil penalties on the Defendants pursuant to Section 517.191(4), Florida Statutes.

K. Enter an order requiring the Defendants and Relief Defendants to disgorge all ill-gotten gains, misappropriations, and unjust enrichment received.

L. Enter an order directing the Estate of Eric Charles Holtz to advise the Court as to whether the decedent left a will or died intestate, whether the will identified a Personal Representative, and if so, the identity and contact information, and the status and court location of any probate filing or proceeding.

M. Enter such other equitable orders as fair and appropriate.

Respectfully submitted,

Dated: 07/12/2021

By: /s/ A. Gregory Melchior

A. Gregory Melchior
Chief Counsel
Office of General Counsel
Florida Office of Financial Regulation
200 East Gaines Street
Tallahassee, Florida 32309
(813) 218-5308
Greg.Melchior@flofr.gov
Fla. Bar No. 0407290
Attorney For Plaintiff