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UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

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U.S. DISTRICT COURT
DISTRICT OF MASS.

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

STEPHEN L. HOCHBERG,

Defendant.

JURY TRIAL DEMANDED

Civil Action No. _____

08 CA 10848 DPW

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission" or "SEC"), for its Complaint against Defendant Stephen Lewis Hochberg ("Hochberg" or "Defendant"), alleges the following and, pursuant to Federal Rule of Civil Procedure 38(b), hereby demands a trial by jury of any issue triable of right by a jury:

PRELIMINARY STATEMENT

1. Defendant Stephen Hochberg, a Massachusetts accountant turned business consultant and unregistered investment adviser, engaged in two fraudulent investment schemes. From at least September 2002 to August 2007, Hochberg obtained at least \$1.6 million from seven investors for a purported real estate investment fund, Realty Funding, which did not exist. Separately, in June 2003 and April 2004, Hochberg obtained a total of \$150,000 from an elderly widow for a purported investment in an account of pooled funds invested in Massachusetts municipal bonds. In both schemes, Hochberg never invested any of the investor funds as promised; instead, he used most of the funds for his own personal benefit.

2. By engaging in the conduct described in this Complaint, Hochberg violated Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §77(q)(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§78j(b)] and Rule 10b-5 [17 C.F.R. §§240.10b-5] promulgated thereunder, and Sections 206(1) and (2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1), 80b-6(2), and 80b-4].

3. Unless enjoined and restrained, the Defendant will continue to engage in the violations of the federal securities law alleged in this Complaint. Accordingly, pursuant to Section 20(b) of the Securities Act [15 U.S.C. §77t(b)], Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)], and Section 209(d) of the Advisers Act [15 U.S.C. §80b-9(d)], the Commission seeks the disgorgement of his ill-gotten gains plus prejudgment interest and the entry of a permanent injunction against the Defendant prohibiting further violations of the federal securities laws. Pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)], Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)], and Section 209(e) of the Advisers Act [15 U.S.C. §80b-9(e)], the Commission also seeks the imposition of civil monetary penalties against the Defendant due to the egregious nature of his fraud. Finally, pursuant to Section 20(e) of the Securities Act [15 U.S.C. §77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. §78u(d)(2)], the Commission seeks the entry of an order barring Hochberg from serving as an officer or director of any issuer required to file certain reports with the Commission.

JURISDICTION AND VENUE

4. The Commission is an agency of the United States of America established by Section 4(a) of the Exchange Act [15 U.S.C. §78d(a)].

5. This Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act [15 U.S.C. §§77t(d) and 77v(a)], Sections 21(d), 21(e) and 27 of the

Exchange Act [15 U.S.C. §§78u(d), 78u(e) and 78aa], and Sections 209(d) and 214 of the Advisers Act [15 U.S.C. §§80b-9(d) and 80b-14].

6. The Defendant is a resident of the District of Massachusetts.

7. Certain of the Defendant's acts, practices and courses of business constituting the violations alleged herein occurred within the District of Massachusetts.

8. In connection with the conduct described in this Complaint, the Defendant directly or indirectly made use of the mails and the means or instruments of transportation and communication in interstate commerce.

DEFENDANT

9. Stephen Lewis Hochberg, age 60, is a resident of Sudbury, Massachusetts.

10. Hochberg is a Massachusetts Certified Public Accountant, but his license lapsed in 1999. The Commission censured Hochberg in 1990 concerning his work as an audit partner.

11. From January 1999 until August 2007, Hochberg was employed as a business consultant at a business consulting firm based in Needham, Massachusetts.

12. In addition to his accounting and business consulting work, Hochberg separately provided personal investment recommendations and advice to certain of his accounting and business consulting clients.

13. Hochberg has served on the boards of directors of several companies. From August 2005 until October 19, 2007 (when he resigned) Hochberg served as a director of a public company in the footwear business.

14. On February 5, 2008, Hochberg testified under oath in connection with the SEC's investigation and asserted his Fifth Amendment right against self-incrimination concerning the acts, practices and courses of business constituting the violations alleged.

FACTS

Realty Funding

15. From at least September 2002 to August 2007, Hochberg raised at least \$1.6 million from seven investors for Realty Funding, LLC, a purported real estate investment fund that in fact did not exist.

16. During the relevant time period, Hochberg was the president of Mage, LLC (“Mage”), a business consulting firm based in Needham, Massachusetts.

17. Realty Funding’s investors included three of Mage’s consulting clients, a close friend of a Mage client, and three sons of a Mage client for whom Hochberg had served for 40 years as an investment adviser, accountant, business consultant, and trustee. Three of these investors were residents of Massachusetts, one was a resident of Florida, one was a resident of California, one was a resident of South Carolina, and one was a resident of North Carolina.

18. Some of Realty Funding’s investors considered Hochberg to be their investment adviser, and Hochberg advised certain of Realty Funding’s investors to make investments in securities in addition to Realty Funding.

South Carolina Investor

19. In 2005, Hochberg recommended that a South Carolina investor (“South Carolina Investor”) and her husband invest in Realty Funding. The South Carolina investor founded a private company in Massachusetts in 1986, and she first met Hochberg in December 2002 when she retained Mage to assist in an exit plan for the company. The investor sold the company to another private company in 2005, and, soon thereafter, Hochberg recommended that the investor and her husband invest in Realty Funding.

20. On November 23, 2005, Hochberg represented in an email to the South Carolina investor and her husband that he was “holding a \$250,000 slot” for the investor’s husband “in my real estate fund - we are closing perhaps next week, so I will need to know if you want in. Pretty simple, we hold 8 first mortgages - soon to be 9 - your money goes into the pool - none of the loans are greater than 65% loan to value - all owner occupied commercial real estate - paying quarterly at 8.25%. I run this myself (nothing to do with Mage - I started it before Mage) - mostly long time clients of mine who have put in money. Been doing it for 9 years - we pay out interest quarterly - a lot of people use it to plan their cash flow. Need to discuss with [your husband] as I am holding a slot and we are closing on this latest loan early next week.” None of these representations were true.

21. On November 28, 2005, the South Carolina investor invested \$250,000 in Realty Funding by wiring funds from her brokerage account to a checking account Hochberg had established in the name of “Stephen Hochberg d/b/a Realty Funding.”

22. In June 2006, not long after the sudden death of the South Carolina investor’s husband, Hochberg emailed the investor and described her investment in Realty Funding as “a mortgage fund financing owner occupied real estate for owners of closely held companies like [the investor’s company] - typically 65% loan to value – other[] members of the LLC are friends and a few clients - the total fund is \$8.6 million - I also have money in - I don't charge any fees (not much to do here and it started out as a group of friends) - income net of expenses is currently approximately 8%. This seemed to fit well with what [your late husband] was looking for as it provides quarterly cash flow.” Except for the statement concerning others whom Hochberg had defrauded to make a purported investment in Realty Funding, none of these statements were true.

23. In September and October 2006, Hochberg emailed the South Carolina investor to solicit her to invest in a private company affiliated with Mage and/or to make an additional investment in Realty Funding. On October 24, 2006, Hochberg emailed the investor: "On Realty Funding we are extending a loan for another \$750,000 - you are entitled to 2.8% of this which is \$21,000 - you can choose not to put in more into the fund or if others do not put in their allocated share you could put in more. This is going to happen this week, so let me know." None of these representations were true.

24. In 2007, the South Carolina investor emailed, called, and met with Hochberg to request that he liquidate her investment in Realty Funding, but Hochberg never repaid the investor any of her principal investment in Realty Funding.

Massachusetts Investor

25. In 2002, Hochberg recommended Realty Funding to a Massachusetts investor ("Massachusetts Investor") whom Hochberg had met through a friend of the investor. Hochberg knew the investor's friend because he was a client of Mage. Hochberg described Realty Funding to the Massachusetts investor as a mortgage fund comprising a pool of investor funds that provided bridge loans and mortgages. Hochberg said the fund paid 8% interest and had enough security to cover the risk. Hochberg compared the safety of Realty Funding to a certificate of deposit ("CD"), but with a much better interest rate. Hochberg also described Realty Funding to the investor as a "very secure investment." When the investor made his initial investment, Hochberg also represented to the investor that he could withdraw his principal at any time as long as he waited until the end of a quarter. None of these representations were true.

26. On September 17, 2002, the Massachusetts investor invested \$74,250 in Realty Funding by wiring funds to a Mage "Client Fund" checking account in which Hochberg was the sole signatory authority.

27. After the Massachusetts investor made his initial investment in Realty Funding, he decided to add to his purported investment in Realty Funding by reinvesting his purported annual interest earned of 8%. Hochberg emailed the investor a spreadsheet reflecting that, as of December 31, 2005, the investor's investment in Realty Funding was worth \$96,652.70. This representation was not true.

28. In August 2007, Hochberg sent a text message and an email to the Massachusetts investor. Hochberg sent the messages in response to the investor's request to withdraw his investments in Realty Funding. In one of the messages, Hochberg represented that the investor's "funds are invested in mortgages, so liquidation does not happen until a mortgage matures - first one is this coming January - I can see i[f] we can make you a priority - you can also start to receive interest - next payment would be for the Sept quarter - due October 31..." Later in the month, Hochberg forwarded this message to the investor again and represented: "since that message I am working on a refinance of one of the mortgages which if all goes well will accelerate the timetable to end of September." None of these August 2007 representations were true, and this investor never received any of the principal or purported interest payments for his Realty Funding investment.

Mage Client Investor

29. In 2002, Hochberg recommended Realty Funding to a Massachusetts investor whose company was a client of Mage ("Mage client investor"). Hochberg had become familiar with the investor's family's financial situation by assisting the investor with his investment in his

company. As a result, Hochberg knew that the investor had invested funds for his children in CD's. Hochberg represented to the investor that Realty Funding was a realty fund dealing with mortgages. Hochberg also represented that Realty Funding was a secure way to earn more in interest than the investor was earning for his children in CD's. Hochberg represented that Realty Funding paid 8% annual interest and the investor could pull his funds out with 90-120 days notice. None of these representations were true.

30. On May 8, 2004, the Mage client investor provided \$150,000 to Hochberg for an investment in Realty Funding that he deposited in one of his personal checking accounts. When the investment was made, the Mage client investor had told Hochberg that his four children's CD's were being cashed out to invest in Realty Funding.

31. In 2007, the Mage client investor requested a liquidation of his investment in Realty Funding. On August 20, 2007, in response to this request, Hochberg emailed the investor: "As we discussed, the funds will be liquidated in January with the maturing of the mortgage." This statement was not true, and Hochberg never returned any of the Mage client investor's principal investment in Realty Funding.

Two Brothers Invest

32. During the period 2004 to 2007, Hochberg recommended Realty Funding to two brothers. One of the brothers was a resident of North Carolina and the other was a resident of California. Another brother, a resident of Massachusetts, had previously invested money with Hochberg in Realty Funding and was able to liquidate his investment for personal financial reasons. The two brothers whom Hochberg recommended Realty Funding to from 2004 to 2007 were referred to Hochberg by their father when they sought his advice concerning an investment adviser to assist them in investing family money. Hochberg had known the brothers' father for

almost 40 years when Hochberg worked as an accountant for the father's personal and corporate accounting matters. Over the years, Hochberg served the brothers' father as an investment adviser, accountant, business consultant, and trustee to several family trust accounts.

33. Hochberg also advised the two brothers with respect to other distributions they received from family trust accounts, and the investors followed Hochberg's advice and made several purported investments in Realty Funding as well as investments in three legitimate funds.

34. Hochberg represented to the two brothers that Realty Funding consisted of a group of passive investors who pooled their funds to extend mortgages for office real estate in New England. Hochberg emailed spreadsheets to the brothers reflecting their purported principal investments and interest income, including that they were earning between 7.5% and 10% interest. Hochberg described Realty Funding to the brothers as a "stable investment" and represented that their principal investments would be returned in full. None of these representations were true.

35. From November 2004 to August 2007, the two brothers invested \$1,067,000 in Realty Funding. Most of these funds were transferred by wire or check at Hochberg's direction from the brothers' family trust accounts that Hochberg served as a trustee.

36. On September 16, 2007, one of the brothers emailed Hochberg to follow-up on the status of his investments, including Realty Funding, and to inquire about a late interest payment from his Realty Funding investment. Around the same time, the brothers' father began to suspect that Hochberg was transferring funds from family trust accounts without authorization. On September 23, 2007, following a confrontation between Hochberg and the brothers' father, Hochberg emailed the brothers' father: "I don't know what to say after destroying a trust that you had in me for 36 years - there are no excuses - there is no logic - I

want to make things right but need time to do that - not to regain any respect, not to earn any forgiveness, not to gain anything but to spare my family and yes, I know that I should have thought of that before - my wife has been in tears, her family has come here from NY to support her - so I beg that you allow me some time to make that happen - I need 7 to 10 days. I appreciate your consideration. I am so very sorry.” Hochberg did not return any funds to the brothers after he sent this email.

37. The two brothers have received from Hochberg only a little more than \$100,000 of their investment in Realty Funding, or less than 10% of their original principal investment.

Florida Investor

38. In 2007, Hochberg recommended Realty Funding to a Florida investor whose company was a client of Mage (“Florida investor”). After June 2006, when the investor, with the assistance of Hochberg and Mage, sold his family business, Hochberg began recommending investment ideas to the Florida investor. Hochberg represented to the Florida investor that Realty Funding was invested in real estate mortgages and was paying 8% interest per year. None of these representations were true.

39. On March 22, 2007, the Florida investor invested \$50,000 in Realty Funding by wiring funds to the checking account Hochberg had established in the name of “Stephen Hochberg d/b/a Realty Funding.” In the summer of 2007, the investor invested another \$50,000 in Realty Funding. The investor never received any purported interest or principal payments from Hochberg for these purported investments. At Hochberg’s recommendation, the Florida investor also invested \$250,000 in a private company affiliated with Mage.

The Execution of the Scheme

40. Although all the Realty Funding investors requested that Hochberg provide documents verifying their investments, Hochberg evaded numerous and repeated requests from investors to provide such documentation.

41. Realty Funding never existed as a legal entity and, as set forth below, none of the investors' funds were used to make any investments and Hochberg used most of the funds for his personal benefit.

42. Hochberg was able to perpetrate his fraud by using a portion of the funds he raised to make purported quarterly interest payments to Realty Funding's investors.

43. Hochberg provided false tax reporting documents to certain of Realty Funding's investors and created a document for the South Carolina investor that misrepresented: 1) the total investment in Realty Funding (\$8.6 million); 2) the number of Realty Funding investors; 3) the identity of Realty Funding investors; 4) Hochberg had his money invested in Realty Funding; and 5) and Realty Funding's assets and net income.

44. Hochberg stopped making purported quarterly interest payments to Realty Funding's investors in mid-2007 and refused to refund investors' principal investments.

45. Hochberg raised at least \$1,679,000 by offering and selling purported interests in Realty Funding.

46. To carry out his fraud, Hochberg made \$319,867 in payments to Realty Funding's investors, mostly in the form of purported quarterly interest payments.

47. The bank account that held the investors' Realty Funding investments has carried a negative balance since September 2007, and, as a result of Hochberg's misrepresentations concerning Realty Funding, Realty Funding's investors have lost at least \$1,359,000.

The Purported Municipal Bond Investment

48. In June 2003 and April 2004, Hochberg raised a total of \$150,000 from a then 81-year-old widow for a purported investment in municipal bonds. The widow now resides at a nursing home in Massachusetts.

49. The investor (a close friend of Hochberg's parents) raised the funds after she sold her condominium to move to an apartment. When Hochberg recommended the investment, he was informed that the investor's only sources of income were her late husband's Individual Retirement Account ("IRA") and social security. The IRA was worth approximately \$70,000 in 2003 and has since been significantly depleted to cover the investor's expenses for living at an elder care facility.

50. On June 3, 2003, Hochberg represented in an email to the investor's daughter that the fund was yielding a 4.47% annual return, which Hochberg compared to rates around 2% for CD's. Hochberg also represented to the investor's daughter that his parents had invested in the same fund, consisting of Massachusetts municipal bonds. At various times after the investor invested her funds with Hochberg, he guaranteed that the investment would be highly liquid. None of these representations were true.

51. In reliance on Hochberg's representations concerning the Massachusetts municipal bond investment, the investor invested \$75,000 with Hochberg on June 19, 2003 and another \$75,000 with Hochberg on April 16, 2004. She made both investments from the proceeds of the sale of her condominium. The investments were made from the investor's joint bank account with her daughter. The investor's daughter signed both checks.

52. In fact, Hochberg never invested the investor's funds in a municipal bond fund or anywhere else. Instead, Hochberg used the proceeds of the investment to make payments to others who were threatening to sue him concerning loans or other business transactions.

53. Hochberg made purported quarterly interest payments to the elderly municipal bond fund investor until early 2007. In 2007, the investor requested \$3,000 per month withdrawals on her principal investment to offset the additional costs of moving to an assisted living facility. At the time, Hochberg assured the investor that it would not be a problem to provide principal payouts as needed to pay for the elder care facility.

54. Hochberg stopped making interest payments after March 2007 and stopped making principal payments after August 2007. Before Hochberg stopped making payments, the investor received approximately \$59,504 in purported principal (\$40,000) and interest (\$19,504) payments, but has not recovered the rest of her \$150,000 investment. Hochberg made the payments to the investor by checks he wrote from his personal bank account and from the checking account he opened in the name of "Stephen Hochberg d/b/a Realty Funding."

Hochberg Used the Proceeds of the Fraudulent Schemes to Pay His Personal Expenses, His Debts, And Other Investors Hochberg Defrauded

55. In late 2004, Hochberg opened a checking account in the name of "Stephen Hochberg d/b/a Realty Funding."

56. Most of the Realty Funding investors' proceeds were placed in this bank account, and Hochberg made purported quarterly interest payments to the Realty Funding investors and the municipal bond fund investor from this account.

57. Other than the purported quarterly interest payments to Realty Funding's investors, none of the activity in this account was related to the business of Realty Funding LLC as that fictitious entity was represented to investors by Hochberg.

58. Instead, between November 2004 and September 2007, Hochberg used funds from the Realty Funding bank account purely for Hochberg's personal benefit:

- Hochberg transferred a net of \$173,202 from the Realty Funding bank account to his other personal bank accounts and used the funds transferred to his personal accounts for various personal expenses.
- Hochberg used \$471,630 from the Realty Funding account to make regular payments to non-Realty Funding investors who had loaned money to Hochberg (\$316,976), invested in purported "bridge loans" through Hochberg for other Mage clients (\$100,200), or invested in the purported tax free municipal bonds (\$54,454.16).
- Hochberg withdrew a net of \$193,753 from the Realty Funding account in the form of ATM withdrawals, checks written for cash, and other withdrawals made either in the form of bank checks or cash.
- In addition to cash withdrawals, Hochberg used \$106,042 from the Realty Funding account for his personal expenses, including payments to: lawyers, a hotel, zoos, department stores, a mortgage company, credit card companies, utilities, telephone and cable services, his parents' senior living facility, gas stations, grocery stores, restaurants, a car dealership, a baseball stadium, a football stadium, toy stores, drug stores, a liquor store, a clown and a juggler.

COUNT I

Violations of Section 17(a)(1) of the Securities Act

59. Paragraphs 1 through 58 are realleged and incorporated by reference as though fully set forth herein.

60. By engaging in the conduct described above, Hochberg, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, has employed devices, schemes and artifices to defraud.

61. Hochberg intentionally or recklessly made the untrue statements and omissions and engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

62. By reason of the foregoing, Hochberg violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II
Violation of Sections 17(a)(2) of the Securities Act

63. Paragraphs 1 through 58 are realleged and incorporated by reference as though fully set forth herein.

64. By engaging in the conduct described above, Hochberg, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, has obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

65. Hochberg made the untrue statements and omissions of material fact described above.

66. By reason of the foregoing, Hochberg violated Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

COUNT III
Violation of Section 17(a)(3) of the Securities Act

67. Paragraphs 1 through 58 are realleged and incorporated by reference as though fully set forth herein.

68. By engaging in the conduct described above, Hochberg, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, has engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon the purchasers of such securities.

69. Hochberg engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

70. By reason of the foregoing, Hochberg violated Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

COUNT IV

Violations of Section 10(b) of the Exchange Act, and Exchange Act Rule 10b-5

71. Paragraphs 1 through 58 are realleged and incorporated by reference as though fully set forth herein.

72. As more fully described in paragraphs 1 through 58 above, Hochberg, in connection with the purchase and sale of securities, by the use of the means and instrumentalities of interstate commerce and by the use of the mails, directly and indirectly: used and employed devices, schemes and artifices to defraud; made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in acts, practices and courses of business which operated or would have operated as a fraud and deceit upon purchasers and sellers and prospective purchasers and sellers of securities.

73. Hochberg knew, or was reckless in not knowing, of the facts and circumstances described in paragraphs 1 through 58 above.

74. By reason of the foregoing, Hochberg violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

COUNT V

Violation of Advisers Act Section 206(1)

75. Paragraphs 1 through 58 are realleged and incorporated by reference as though fully set forth herein.

76. At all times relevant to this Complaint, Hochberg acted as an investment adviser to certain of Realty Funding's investors.

77. In making investment recommendations to these investors, Hochberg engaged in the business of advising others as to the advisability of investing in securities.

78. Hochberg received compensation from Realty Funding's investors by using the investors' funds for his personal expenses.

79. As more fully described in paragraphs 1 through 58 above, at all times alleged in this Complaint, Hochberg, while acting as an investment adviser, by use of the mails, and the means and instrumentalities of interstate commerce, directly or indirectly, intentionally or recklessly employed devices, schemes or artifices to defraud his clients or prospective clients..

80. By reason of the foregoing, Hochberg has violated Section 206(1) of the Advisers Act. [15 U.S.C. § 80b-6(1)].

COUNT VI

Violation of Advisers Act Section 206(2)

81. Paragraphs 1 through 58 are realleged and incorporated by reference as though fully set forth herein.

82. At all times relevant to this Complaint, Hochberg acted as an investment adviser to certain of Realty Funding's investors.

83. In making investment recommendations to these investors, Hochberg engaged in the business of advising others as to the advisability of investing in securities.

84. Hochberg received compensation from Realty Funding's investors by using the investors' funds for his personal expenses.

85. As more fully described in paragraphs 1 through 58 above, at all times alleged in this Complaint, Hochberg, while acting as an investment adviser, by use of the mails, and the means and instrumentalities of interstate commerce, directly or indirectly, engaged in transactions, practices and courses of business which have operated as a fraud or deceit upon his clients or prospective clients.

86. By reason of the foregoing, Hochberg has violated Section 206(2) of the Advisers Act. [15 U.S.C. § 80b-6(2)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Find that the Defendant committed the violations charged and alleged herein.

II.

Enter a permanent injunction restraining Hochberg and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of the injunction by personal service or otherwise, from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:

1. Section 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act [15 U.S.C. §§77q(a)(1), 77q(a)(2), and 77q(a)(3)];
2. Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 [17 C.F.R. §220.10b-5] promulgated thereunder; and
3. Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§80b-6(1) and 80b-6(2)];

III.

Issue an Order requiring Hochberg to disgorge the ill-gotten gains that he received as a result of his wrongful conduct, including prejudgment interest.

IV.

Issue an Order imposing upon Hochberg appropriate civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

V.

Enter an Order, pursuant to Section 20(e) of the Securities Act [15 U.S.C. §77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. §78u(d)(2)], barring Hochberg from serving as an officer or director of any issuer required to file reports to the Commission pursuant to Sections 12(b), 12(g) or 15(d) of the Exchange Act [15 U.S.C. §§78l(b), 78l(g) and 78o(d)];

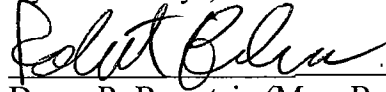
VI.

Grant an Order for any other relief this Court deems just and proper.

Respectfully submitted,

**SECURITIES AND EXCHANGE
COMMISSION,**

By its attorneys,



Deena R. Bernstein (Mass Bar No. 558721)

Trial Counsel

BernsteinD@sec.gov

Robert B. Baker (Mass Bar No. 654023)

Staff Attorney

BakerR@sec.gov

33 Arch Street, 23rd Floor

Boston, MA 02110

(617) 573-8900

(617) 573-4590 (facsimile)

Dated: May 21, 2008