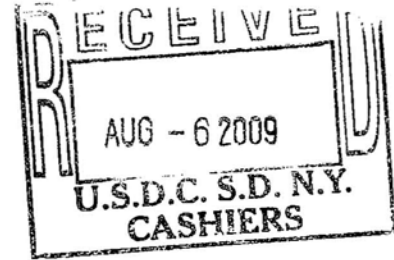


JUDGE SULLIVAN

GEORGE S. CANELLOS
REGIONAL DIRECTOR
Attorney for the Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
3 World Financial Center
New York, New York 10281
(212) 336-1100



UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X	:	
	:	
SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
	:	Plaintiff,
	:	
- against -	:	COMPLAINT
	:	
VLADIMIR CHEKHOLKO,	:	
	:	
	:	Defendant.
	:	
-----X	:	

The plaintiff Securities and Exchange Commission alleges the following against defendant Vladimir Chekholko ("Chekholko" or the "Defendant"):

SUMMARY

1. This matter arises out of violations of the broker-dealer registration requirements of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78a et seq., by OOO CentreInvest Securities ("CI-Moscow"), an unregistered Moscow-based broker-dealer, and its affiliate, CentreInvest, Inc. ("CI-New York"), a New York-based broker-dealer registered with the Commission.

2. From at least 2004 through November 2007, CI-Moscow – directly and through CI-New York, Chekholko (CI-New York’s director of sales), and others – solicited institutional

investors in the United States to purchase and sell stocks of Russian companies, without registering as a broker-dealer as required by Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), or meeting the requirements for the exemption from registration for foreign broker-dealers under Exchange Act Rule 15a-6(a), 17 CFR § 240.15a-6(a).

VIOLATIONS

3. By virtue of the conduct alleged herein, CI-Moscow, directly or indirectly, singly or in concert, engaged in transactions, acts, practices, and courses of business that constitute violations of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), and Chekholko aided and abetted CI-Moscow's violation of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

4. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d). The Commission seeks a final judgment ordering Chekholko to disgorge his ill-gotten gains and to pay prejudgment interest thereon, and to pay civil money penalties pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

JURISDICTION AND VENUE

5. This Court has jurisdiction over this action pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

6. Venue lies in this District pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa. Certain of the transactions, acts, practices, and courses of business alleged herein occurred within the Southern District of New York. For instance, CI-New York maintained its principal place of business in New York, New York, and Chekholko engaged in the conduct alleged herein while working at CI-New York's office located in New York, New York.

7. Chekholko, directly or indirectly, made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation or communication in interstate commerce, and/or the mails, in connection with the transactions, acts, practices, and courses of business alleged herein.

DEFENDANT AND RELEVANT ENTITIES

8. **Vladimir Chekholko**, age 47, is a resident of Brooklyn, New York. Chekholko was employed by CI-New York from July 2004 to March 2008, and he served as the firm's head of sales from July 24, 2004 through at least November 2007. Chekholko holds Series 7 and 55 licenses.

9. **CI-Moscow** is a Moscow-based broker-dealer and limited liability company, specializing in the sale of second-tier Russian equities. During the relevant period, CI-Moscow was an affiliate of CI-New York. CI-Moscow was founded in 1992 under the laws of Russia and is regulated by the Russian Federal Financial Markets Service. CI-Moscow has never been registered with the Commission as a broker or dealer.

10. **CI-New York** is a registered broker-dealer organized under the laws of New York State with its principal place of business in New York, New York. CI-New York first registered with the Commission on June 23, 1998, and during the relevant period, employed four to five full-time employees. On October 2, 2008, the Financial Industry Regulatory Authority, Inc. expelled CI-New York for failure to file a Financial and Operational Combined Uniform Single, or FOCUS, report.

FACTS

Regulatory Framework

11. Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), generally makes it illegal for a “broker” or “dealer” to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security unless the broker or dealer is registered with the Commission in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

12. Section 3(a)(4) of the Exchange Act, 15 U.S.C. § 78c(a)(4), defines a “broker” as any person “engaged in the business of effecting transactions in securities for the account of others.” A person “effects transactions in securities” if he or she participates in such transactions “at key points in the chain of distribution.” Mass. Fin. Servs., Inc. v. SIPC, 411 F. Supp. 411, 415 (D. Mass.), aff’d, 545 F.2d 754 (1st Cir. 1976). Section 3(a)(5) of the Exchange Act, 15 U.S.C. § 78c(a)(5), defines a “dealer” as any person “engaged in the business of buying and selling securities for such person’s own account through a broker or otherwise.”

13. In 1989, in recognition of the accelerating internationalization of securities markets, the Commission adopted Rule 15a-6(a) under the Exchange Act, which provided limited exemptions from the registration requirements for foreign broker-dealers. See Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 27017, 54 Fed. Reg. 30013, 1989 WL 1097092 (July 11, 1989) (“Adopting Release”). Rule 15a-6 defines a “foreign broker or dealer” as

any non-U.S. resident person (including any U.S. person engaged in business as a broker or dealer entirely outside the United States, except as otherwise permitted by this rule) that is not an office or branch of, or a natural person associated with, a registered broker-dealer, whose securities activities, if conducted in the U.S., would be described by the definition of ‘broker’ or ‘dealer’ in Sections 3(a)(4) or 3(a)(5) of the [Exchange] Act.

17 C.F.R. § 240.15a-6(b)(3).

14. In the Adopting Release, the Commission emphasized the importance of registration for the safety of U.S. investors:

Because of the broker-dealer's role as an intermediary between customers and the securities markets, broker-dealers have been required to register with the Commission since 1935 . . . [and once registered] are subject to a panoply of U.S. regulations and supervisory structures intended to protect investors and the securities markets. Registered broker-dealers must be members of a self-regulatory organization ("SRO") and the Securities Investor Protection Corporation ("SIPC"). They are subject to statutory disqualification standards and the Commission's disciplinary authority, which are designed to prevent persons with an adverse disciplinary history from becoming, or becoming associated with, registered broker-dealers. They also are required by the Commission's net capital regulations to maintain sufficient capital to operate safely. In addition, they are required to maintain adequate competency levels, by satisfying SRO qualification requirements.

Further, registered broker-dealers are under extensive recordkeeping and reporting obligations, fiduciary duties and special antifraud rules, and the Commission's broad enforcement authority over broker-dealers. That authority, in turn, helps assure that broker-dealers are complying with the statutory and regulatory provisions governing the U.S. securities industry. Moreover the Commission's financial supervision of entities participating in the interdependent network of securities professionals contributes to the financial soundness of this nation's securities markets.

Adopting Release, 1989 WL 1097092, at *3-*4 (footnotes omitted).

15. Because of the importance of registration in ensuring the safety of U.S. investors, Rule 15a-6, 17 C.F.R. § 240.15a-6, provided for only *limited* exemptions to the registration requirements for foreign broker-dealers. To qualify for exemption under the rule, a foreign broker-dealer is subject to: (i) restrictions on the solicitation of U.S. investors; (ii) restrictions on direct communications with U.S. investors outside the presence of an associated person of a registered broker-dealer (referred to as "chaperoning"); and (iii) explicit record-keeping and customer protection responsibilities. The record-keeping and customer protection provisions

require that, if a foreign broker-dealer seeks to qualify for exemption from registration through association with a registered broker-dealer, the registered broker-dealer must (a) execute the transactions, (b) issue confirmations and statements to investors, and (c) safeguard investors' funds and securities in connection with the transactions.

CI-Moscow and CI-New York Solicited U.S. Investors

16. From at least 2004 until at least November 2007, CI-Moscow directly and indirectly solicited investors in the United States to purchase and sell thinly-traded stocks of Russian companies – so-called “second-tier,” or micro-cap, Russian companies.

17. Under CI-Moscow's direction, employees of CI-New York, including Chekholko, its head of sales, regularly solicited U.S. institutional investors for the purchase and sale of Russian securities. Investors who expressed interest in a transaction were referred to CI-Moscow to complete the transaction, even though representatives of CI-Moscow were neither licensed or registered with the Commission or an appropriate U.S. self-regulatory organization, nor exempt from such licensing and registration requirements.

18. In some cases, employees of CI-Moscow, who were not licensed to sell securities under U.S. law or registered as brokers or dealers under U.S. law and were not exempt from such licensing and registration requirements, solicited U.S. investors directly.

19. CI-New York failed to maintain virtually any records concerning CI-Moscow's transactions with the U.S. investors.

CI-Moscow Violated the Registration Requirements of the Exchange Act

20. CI-Moscow never registered as a broker-dealer, as required by Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

21. CI-Moscow failed to qualify for any exemption from registration under Exchange Act Rule 15a-6(a), 17 C.F.R. § 240.15a-6(a).

Chekholko Assisted CI-Moscow's Violations

22. Chekholko actively solicited U.S. institutional investors to purchase and sell securities through CI-Moscow. Chekholko, on behalf of CI-Moscow, sent frequent emails to his U.S. institutional clients about private placements and blocks of shares for sale or purchase, emailed research reports to these clients along with express solicitations, and cold-called potential clients whose names were provided to him by CI-Moscow.

23. Chekholko referred interested investors to CI-Moscow to effect the purchase and sale of securities, even though he knew that his colleagues in CI-Moscow were not licensed or registered in the U.S.

24. Chekholko failed to issue order tickets or confirmations, and failed to maintain transactional and customer records.

25. In 2006, CI-New York hired two additional employees, and Chekholko supervised the two new employees. The two new employees' primary (if not sole) job was to solicit U.S. investors on behalf of CI-Moscow.

26. CI-Moscow and Chekholko benefited financially from CI-Moscow's transactions in securities with or on behalf of U.S. investors. For example, in 2006 alone, CI-Moscow received at least \$928,000 in revenue as a result of its unlawful solicitation of U.S. institutional investors. Chekholko received compensation from CI-New York in the form of salary and bonus as a result of his role in CI-Moscow's unlawful transactions in securities with or on behalf of U.S. investors.

Commission Order as to Chekholko

27. On August 5, 2009, the Commission issued an order Vladimir Chekholko, Admin. Proc. File No. 3-13304, that, *inter alia*, ordered Chekholko to cease and desist from committing or causing violations and any future violations of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), and suspended Chekholko from association with any broker or dealer for a period of six months. Chekholko consented to the entry of the Commission order without admitting or denying its findings.

CLAIM FOR RELIEF

Aiding and Abetting CI-Moscow's Violations of Section 15(a) of the Exchange Act

28. The Commission repeats and realleges paragraphs 1 through 27 above.

29. As a result of the conduct described above, CI-Moscow violated Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), which generally makes it illegal for a broker or dealer to effect any transaction in, or to induce or attempt to induce the purchase or sale of, any security unless the broker or dealer is registered with the Commission in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b). From at least 2004 through November 2007, CI-Moscow, directly and through CI-New York, Chekholko, and others, solicited institutional investors in the United States to purchase and sell stocks of Russian companies, and executed securities transactions for or with U.S. investors, without registering as a broker-dealer as required by Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), or meeting the requirements for the exemption from registration for foreign broker-dealers under Exchange Act Rule 15a-6(a), 17 CFR § 240.15a-6(a).

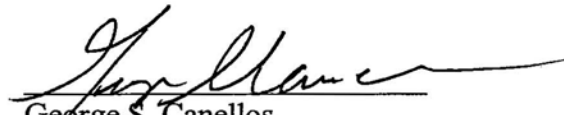
30. Chekholko aided and abetted CI-Moscow's violation of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a). As set forth above, Chekholko actively solicited U.S.

institutional investors, referred interested investors to colleagues in CI-Moscow who were not licensed or registered to sell securities in the U.S., and failed to issue order tickets or confirmations or maintain transactional or customer records. Consequently, Chekholko substantially assisted CI-Moscow's violation of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a). Chekholko had actual knowledge of CI-Moscow's violation of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), and had actual knowledge that CI-Moscow failed to qualify for any exemption from registration under Exchange Act Rule 15a-6(a), 17 C.F.R. § 240.15a-6(a).

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests a Final Judgment ordering Chekholko (i) to disgorge his ill-gotten gains and to pay prejudgment interest, and (ii) to pay a civil monetary penalty pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

Dated: New York, New York
August 5, 2009



George S. Canellos
Regional Director

Attorney for the Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
3 World Financial Center
New York, New York 10281
(212) 336-1100
Email: canellosg@sec.gov

Of Counsel:

Andrew M. Calamari
Leslie Kazon
Paul G. Gizzi
James Burt IV (not admitted in S.D.N.Y.)
Daniel R. Marcus