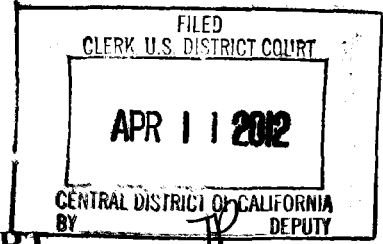


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ORIGINAL



ILS
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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

SHERVIN NEMAN and NEMAN
FINANCIAL, INC.,

Defendants,

CASSANDRA C. NEMAN,

Relief Defendant.

Case No. **CV12-03142 JHN (PLA^x)**
**COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS**

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for
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1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as follows:

2 **JURISDICTION AND VENUE**

3 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
4 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§
5 77t(b), 77t(d)(1) & 77v(a), Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the
6 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
7 78u(d)(3)(A), 78u(e) & 78aa, and Sections 209 and 214 of the Investment Advisers
8 Act of 1940 (“Advisers Act”), 15 U.S.C. § 209(d), 80b-14 15 U.S.C. § 80b-9(d).
9 Defendants Shervin Neman (“Neman”) and Neman Financial, Inc. (“Neman
10 Adviser”) have, directly or indirectly, made use of the means or instrumentalities
11 of interstate commerce, of the mails, or of the facilities of a national securities
12 exchange, in connection with the transactions, acts, practices, and courses of
13 business alleged in this Complaint.

14 2. Venue is proper in this district pursuant to Section 22(a) of the
15 Securities Act, 15 U.S.C. § 77v(a), Section 27 of the Exchange Act, 15 U.S.C. §
16 78aa, and Section 214 of the Advisers Act, 15 U.S.C. § 80b-214, because certain of
17 the transactions, acts, practices, and courses of conduct constituting violations of
18 the federal securities laws occurred within this district, each of the entity
19 defendants is located in this district, and each of the individual defendants resides
20 in this district.

21 **SUMMARY**

22 3. This case involves an ongoing Ponzi scheme that the Defendants have
23 been operating and which mainly targets members of the Persian-Jewish
24 community in Los Angeles. Neman is the sole owner and chief executive officer
25 of Neman Adviser, an SEC registered investment adviser. He is also the president
26 and chief executive officer of Neman Financial, LP (“Neman Fund”), an affiliated
27 entity that purports to be a hedge fund. From June 2010 to the present, Neman
28 raised at least \$7.54 million from eleven investors in California, Florida, and Texas

1 by offering purported investment opportunities, through Neman Fund, in: 1)
2 foreclosed residential properties; 2) Facebook shares in private transactions; and 3)
3 various highly-anticipated initial public offerings (collectively, the “Neman Fund
4 Offering”).

5 4. Neman tells investors that Neman Fund buys foreclosed residential
6 properties and “flips” them to committed buyers at a profit. He promises investors
7 returns of 11% to 18%, to be paid within 30 to 180 days, and issues them
8 promissory notes from Neman Fund, which Neman signs as its president and chief
9 executive officer. In addition, Neman tells investors that he has connections to a
10 broker with access to private Facebook shares and initial public offerings (“IPOs”) of
11 issuers such as General Motors (“GM”), and more recently, Groupon, LinkedIn,
12 and Angie’s List. Neman convinces investors that Neman Fund will acquire, or
13 has acquired, millions of dollars worth of shares in these companies. Investors
14 who wish to participate in the acquisition of these private shares or IPOs enter into
15 purchase agreements with Neman, the “General Partner,” who promises them a
16 quick return once the issuers go public.

17 5. In reality, Neman is operating a Ponzi scheme, and has used more
18 than 99% of the funds raised from investors to either make Ponzi payments to
19 investors or to pay his personal and business expenses. Specifically, of the \$7.54
20 million raised from investors since June 2010, Neman has used more than \$5.4
21 million to make Ponzi payments to existing investors, and has spent another nearly
22 \$1.6 million to support a lavish lifestyle and maintain the appearance of an upscale
23 business operation. Due to recent investments from new and existing investors,
24 Neman owes nearly \$2.7 million in principal payments alone to his investors.

25 6. The Defendants, by engaging in the conduct described in this
26 Complaint, have violated, and unless enjoined will continue to violate the
27 antifraud, investment adviser registration, and investment adviser books and
28 records provisions of the federal securities laws. By this Complaint, the

1 Commission seeks emergency relief against the Defendants, including a temporary
2 restraining order, as well as preliminary and permanent injunctions, disgorgement
3 with prejudgment interest, and civil penalties.

4 **THE DEFENDANTS AND RELIEF DEFENDANT**

5 7. **Shervin Neman** (“Neman”) (fka Shervin Davatgarzadeh), age 30,
6 resides in the Century City area of Los Angeles, CA. He is the sole owner and
7 chief executive officer of Neman Adviser, an SEC registered investment adviser.
8 He is also the president and chief executive officer of Neman Fund, an affiliated
9 entity that purports to be a hedge fund.

10 8. **Neman Financial, Inc.** (“Neman Adviser”) is a California
11 corporation formed by Neman in June 2010, with its principal place of business in
12 the Century City area of Los Angeles. It is registered with the Commission as an
13 investment adviser under a 120-Day Registration Approval, which became
14 effective on September 28, 2011, and lapsed on or about January 26, 2012. Neman
15 Adviser has not yet filed an amended Form ADV stating that the firm has met the
16 requisite amount of assets under management or alternatively, that it is
17 withdrawing its registration. On November 1, 2011, Neman Adviser filed a
18 Municipal Advisory Temporary Registration Form, which was set to expire on
19 December 31, 2011, but was extended until September 30, 2012, because there is
20 no permanent registration in place.

21 9. **Cassandra C. Neman**, age 33, resides with Neman in the Century
22 City area of Los Angeles, California. Shervin Neman and Cassandra Neman were
23 married in October 2010. Cassandra Neman has received thousands of dollars
24 worth of gifts from Neman, including a \$60,000 ring, and thousands more for her
25 personal expenses, all of which was funded with investor monies.

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1 **AFFILIATED ENTITY**

2 10. **Neman Financial, LP** (“Neman Fund”) is a California limited
3 partnership formed by Neman in June 2010 and located at the same address as
4 Neman Adviser. Neither Neman Fund nor its securities offering are registered
5 with the Commission in any capacity. Neman Fund’s general partner is Neman
6 Adviser.

7 **STATEMENT OF FACTS**

8 **A. The Nature of the Neman Fund Offering**

9 11. Neman solicits investors to invest in Neman Fund for three different
10 types of investments. The first investment involves pooling investor funds to
11 “flip” foreclosed houses in California. Neman tells investors that Neman Fund
12 purchases foreclosed bank-owned properties in bulk and then resells them to
13 buyers with whom Neman has a longstanding relationship and who have
14 committed to purchase the properties. Investors in the foreclosed properties
15 receive a promissory note from Neman Fund that states the principal amount, the
16 interest rate, the term of the note, and the total amount of principal and interest due
17 at maturity. The note represents that the investor’s principal is secured by the
18 properties being acquired and states that the total investment amount will not
19 exceed a set amount, which ranges from more than \$3 million to \$30 million. The
20 note also represents that the investor’s funds are being invested along with a
21 specified amount of money from Neman Fund to purchase the properties. Neman
22 signs the promissory note as Neman Fund’s president and chief executive.

23 12. Neman’s second investment involves pooling investor funds to
24 purchase shares of issuers such as Facebook and ZocDoc, Inc., a medical website.
25 Neman tells investors that he has connections to a broker with access to these
26 shares and that Neman Fund intends to purchase, or already has purchased,
27 millions of shares at a set price per share, in transactions that range from \$12
28 million to \$30 million. Investors who wish to participate in Neman Fund’s

1 acquisition of Facebook or ZocDoc shares enter into a stock purchase agreement
2 with Neman, the “General Partner,” and agree to pay the General Partner a
3 specified purchase price, which is the amount they want to invest in the shares.
4 Neman tells investors that once the issuer goes public, Neman Fund will either sell
5 the shares and distribute the profits, or transfer the shares to individual investors.
6 Neman has the discretion to decide which option to pursue.

7 13. Neman’s third investment involves pooling investor funds to “flip”
8 IPO shares of issuers such as GM, and more recently LinkedIn, Groupon, and
9 Angie’s List. Neman tells investors that he can purchase these shares right before
10 the IPO, and then sell them on the day of the IPO or the next day, when the stock
11 price is at its highest. Investors who wish to participate in Neman Fund’s
12 acquisition of IPO shares usually enter into an IPO purchase agreement with
13 Neman, the “General Partner,” and agree to pay the General Partner a specified
14 purchase price, i.e., the amount they want to invest. The General Partner agrees to
15 return the investor’s principal and profit by a date certain.

16 14. In most instances, Neman directed investors to wire their funds to a
17 personal bank account held in Neman’s name or to write checks to him personally,
18 which he then deposited into his personal account. Neman commingled investor
19 funds in his personal account.

20 15. Both the promissory notes and stock purchase agreements include a
21 provision whereby investors acknowledge that there is usually a management fee
22 or performance fee associated with the transaction, while the IPO purchase
23 agreements state that there is no fee for the transaction. Neman’s investors usually
24 received their principal repayment and promised returns on or shortly past the due
25 date listed in their promissory notes or purchase agreements.

26 **B. Neman is Operating a Ponzi Scheme**

27 16. Rather than investing client money in foreclosed property, Facebook
28 and ZocDoc shares, or IPOs, the Defendants are actually operating a Ponzi scheme.

1 Specifically, of the more than \$7.54 million raised from investors since June 2010,
2 Neman has used more than \$5.4 million to pay principal and purported profits to
3 existing investors using funds from new investors or new investments from other
4 existing investors. Except for a single \$66,000 investment in General Motors' IPO
5 in November 2010, Neman has not used investor funds in the manner he said he
6 would.

7 17. While Neman used the bulk of investor funds to perpetrate a Ponzi
8 scheme, he used another nearly \$1.6 million to support a lavish lifestyle for himself
9 and his wife, and to pay business and other expenses. Among other things, Neman
10 used investor funds to pay for his wedding and honeymoon, his wife's engagement
11 ring, luxury cars, VIP tickets to entertainment venues, jewelry, hotels, and
12 restaurants. Neman also used investor funds to lease and redecorate a new office
13 in an upscale building in the Century City area of Los Angeles, hire two
14 administrative assistants, and pay legal and other professional expenses, among
15 other things.

16 18. Neman and Neman Adviser have also failed to maintain a number of
17 categories of documents as required by Section 204(a) of the Advisers Act and
18 Rule 204-2 thereunder. These documents included cash receipts and
19 disbursements, general and auxiliary ledgers reflecting income and expense
20 accounts, bank statements, paid and unpaid bills or statements, financial
21 statements, written communications, written agreements with Neman Fund
22 investors, and records of private funds. Neman Adviser also failed to maintain
23 certain records for at least five years, the first two years within their office, as
24 required under Rule 204-2(e)(1) of the Advisers Act.

25 19. Neman and Neman Adviser have further failed to provide
26 Commission examiners with the records that regulated investment advisers are
27 required to keep in the ordinary and regular course of their business as required
28 under Section 204(a) of the Advisers Act and Rule 204-2 thereunder.

1 24. By engaging in the conduct described above, Defendants and each of
2 them, violated, and unless restrained and enjoined will continue to violate, Section
3 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

4 **SECOND CLAIM FOR RELIEF**

5 **FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF**
6 **SECURITIES**

7 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**
8 **(Against All Defendants)**

9 25. The Commission realleges and incorporates by reference paragraphs 1
10 through 20 above.

11 26. Neman and Neman Adviser made misrepresentations to investors
12 regarding the purported investments Neman Fund would make on their behalf,
13 misappropriated investor funds, and failed to disclose that Neman and Neman
14 Adviser were operating a Ponzi scheme.

15 27. Defendants Neman and Neman Adviser and each of them, by
16 engaging in the conduct described above, directly or indirectly, in connection with
17 the purchase or sale of a security, by the use of means or instrumentalities of
18 interstate commerce, of the mails, or of the facilities of a national securities
19 exchange, with scienter:

- 20 a. employed devices, schemes, or artifices to defraud;
- 21 b. made untrue statements of a material fact or omitted to state a
22 material fact necessary in order to make the statements made, in light
23 of the circumstances under which they were made, not misleading; or
- 24 c. engaged in acts, practices, or courses of business which
25 operated or would operate as a fraud or deceit upon other persons.

26 28. By engaging in the conduct described above, and each of them,
27 violated, and unless restrained and enjoined will continue to violate, Section 10(b)
28 of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. §

1 240.10b-5.

2 **THIRD CLAIM FOR RELIEF**

3 **FRAUD BY INVESTMENT ADVISER**

4 **Violations of Section 206(1) and (2) of the Advisers Act**

5 **(Against All Defendants)**

6 29. The Commission realleges and incorporates by reference paragraphs 1
7 through 20 above.

8 30. At all times alleged in the Complaint, Neman and Neman Adviser
9 each were investment advisers to Neman Fund under the Advisers Act. Neman
10 held himself out a hedge fund manager. Neman Adviser registered with the
11 Commission as an investment adviser, and Neman exercised exclusive control over
12 Neman Adviser. Neman received compensation for his advice to Neman Fund in
13 the form of \$1.6 million used to pay his living and business expenses. Neman and
14 Neman Adviser misappropriated fund assets through course of a Ponzi scheme.

15 31. Defendants Neman and Neman Adviser and each of them, by
16 engaging in the conduct described above, directly or indirectly, by use of the mails
17 or any means or instrumentality of interstate commerce or:

- 18 a. employed devices, schemes, or artifices to defraud a client or
19 prospective;
20 b. engaged in transactions, practices, or courses of business which
21 operated or would operate as a fraud or deceit upon any client or
22 prospective client.

23 32. By engaging in the conduct described above, Defendants Neman and
24 Neman Adviser and each of them, violated, and unless restrained and enjoined will
25 continue to violate, Section 206(1) and (2) of the Advisers Act, 15 U.S.C. § 80b-6
26 (1) and (2).

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1 **FOURTH CLAIM FOR RELIEF**

2 **FRAUD BY AN INVESTMENT ADVISER**

3 **Violations of 206(4) of the Advisers Act and Rule 206(4)-8(a)(1) Thereunder**
4 **(Against All Defendants)**

5 33. The Commission realleges and incorporates by reference paragraphs 1
6 through 20 above.

7 34. At all times alleged in the Complaint, Neman and Neman Adviser
8 operated Neman Fund as a pooled investment vehicle under Rule 206(4)-8 of the
9 Adviser's Act. Neman and Neman Adviser made misrepresentations to investors
10 regarding the purported investment Neman Fund would make on their behalf and
11 by failing to disclose that Neman was operating a Ponzi scheme.

12 35. Neman and Neman Adviser, by engaging in the conduct described
13 above, directly or indirectly, by use of the mails or means and instrumentalities of
14 interstate commerce:

- 15 a. engaged in transactions, practices, or courses of business which
16 operate as a fraud or deceit upon investors in Neman Fund;
- 17 b. made untrue statements of a material fact or omitted to state a
18 material fact necessary to make the statements made, in the light of
19 the circumstances under which they were made, not misleading, to
20 investors or prospective investors in a pooled investment vehicle; or
- 21 c. otherwise engaged in acts, practices, or courses of business that
22 were fraudulent, deceptive, or manipulative with respect to investors
23 or prospective investors in a pooled investment vehicle.

24 36. By reason of the activities described herein, Neman and Neman
25 Adviser have violated and unless restrained and enjoined will continue to violate
26 Sections 206(4) of the Advisers Act, 15 U.S.C. § 80b-6(4), and Rule 206(4)-8(a)(1)
27 thereunder, 17 C.F.R.. § 275.206(4)-8(a)(1).

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FIFTH CLAIM FOR RELIEF

FAILURE OF INVESTMENT ADVISER TO KEEP AND PROVIDE

RECORDS FOR COMMISSION EXAMINATION

Violations of Section 204(a) of the Advisers Act and Rule 204-2 Thereunder

(Against All Defendants)

37. The Commission realleges and incorporates by reference paragraphs 1 through 20 above.

38. Defendant Neman Adviser made use of the mails and means and instrumentalities of interstate commerce in connection with its business as an investment adviser and was required to make and keep certain prescribed records as necessary or appropriate in the public interest and for the protection of investors.

39. Defendant Neman Adviser has failed to keep and maintain such records. The documents which Neman Adviser failed to keep and maintain included cash receipts and disbursements, general and auxiliary ledgers reflecting income and expense accounts, bank statements, paid and unpaid bills or statements, financial statements, written communications, written agreements with Neman Fund investors, and records of private funds. Neman Adviser also failed to maintain certain records for at least five years, the first two years within their office as required under Rule 204-2(e)(1) of the Advisers Act, 17 C.F.R. § 275.204-2(e)(1).

40. Defendant Neman Adviser further failed to provide such required records to Commission examiners for such review as may be required by the public interest and for the protection of investors, as required by Section 204(a) of the Advisers Act, 15 U.S.C. § 80b-4 and Rule 204-2 thereunder, 17 C.F.R. § 275.204-2.

41. By engaging in the conduct described above, Defendant Neman Adviser violated, and unless restrained and enjoined will continue to violate, Section 204(a) of the Advisers Act, 15 U.S.C. § 80b-4, and Rule 204-2 thereunder,

1 17 C.F.R. § 275.204-2. Defendant Neman has aided and abetted and caused the
2 violations by Neman Adviser of Section 204(a) of the Advisers Act, 15 U.S.C. §
3 80b-4 and Rule 204-2, 17 C.F.R. § 275.204-2.

4 **SIXTH CLAIM FOR RELIEF**
5 **INELIGIBILITY OF INVESTMENT ADVISER**
6 **FOR FEDERAL REGISTRATION**
7 **Violations of Section 203A of the Advisers Act**
8 **(Against All Defendants)**

9 42. The Commission realleges and incorporates by reference paragraphs 1
10 through 20 above.

11 43. Neman Adviser maintains its principal office and place of business
12 within the State of California and has assets under management of less than \$25
13 million. Neman Adviser is not otherwise exempt from the provisions of Section
14 203A of the Advisers Act, 15 U.S.C. § 80b-3a. Neman Adviser is ineligible to
15 register as a federal investment adviser and is required to register with the
16 appropriate state entity under Section 203 of the Advisers Act, 15 U.S.C. § 80b-3.

17 44. Neman Adviser has remained at all times relevant ineligible to register
18 as a federal investment adviser under Section 203 of the Advisers Act and must
19 register as required by Section 203A of the Advisers Act, 15 U.S.C. § 80b-3a.

20 45. By engaging in the conduct described above, Defendant Neman
21 Adviser has violated, and unless restrained and enjoined will continue to violate,
22 Section 203A of the Advisers Act, 15 U.S.C. § 80b-3a. Defendant Neman has
23 aided and abetted and caused the violations by Neman Adviser of Section 203A of
24 the Advisers Act, 15 U.S.C. § 80b-3a.

25 **PRAYER FOR RELIEF**

26 WHEREFORE, the Commission respectfully requests that the Court:

27 **I.**

28 Issue findings of fact and conclusions of law that the Defendants committed

1 the alleged violations.

2 **II.**

3 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of
4 Civil Procedure, temporarily, preliminarily and permanently enjoining the
5 Defendants and their officers, agents, servants, employees, and attorneys, and those
6 persons in active concert or participation with any of them, who receive actual
7 notice of the judgment by personal service or otherwise, and each of them, from
8 violating Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), and Section 10(b)
9 of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. §
10 240.10b-5, and Sections 203A, 204(a), 206(1), 206(2) and 206(4) of the Advisers
11 Act, 15 U.S.C. §§ 80b-3a, 80b-4(a), 80b-6 (1), 80b-6 (2) and 80b-6 (4), and Rules
12 204-2 and 206(4)-8(a)(1) thereunder, 17 C.F.R. §§ 275.204-2 & 275.206(4)-
13 8(a)(1).

14 **III.**

15 Issue, in a form consistent with Rule 65 of the Federal Rules of Civil
16 Procedure, a temporary restraining order and a preliminary injunction freezing the
17 assets of each of the Defendants and Relief Defendant and any entity affiliated
18 with any of them, prohibiting each of the Defendants from destroying documents,
19 granting expedited discovery from each of the Defendants, requiring an accounting
20 from each Defendant, and requiring Defendant Neman to surrender his passport.

21 **IV.**

22 Order each of the Defendants to disgorge all ill-gotten gains from their
23 illegal conduct, together with prejudgment interest thereon.

24 **V.**

25 Order the Relief Defendant to disgorge proceeds relating to the alleged
26 misconduct, together with prejudgment interest thereon.

27 **VI.**

28 Order Defendant Neman to pay civil penalties under Section 20(d) of the

1 Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15
2 U.S.C. § 78u(d)(3) and under Section 209 of the Advisers Act, 15 U.S.C. § 80b-9.

3 **VII.**


4 Retain jurisdiction of this action in accordance with the principles of equity
5 and the Federal Rules of Civil Procedure in order to implement and carry out the
6 terms of all orders and decrees that may be entered, or to entertain any suitable
7 application or motion for additional relief within the jurisdiction of this Court.

8 **VIII.**

9 Grant such other and further relief as this Court may determine to be just and
10 necessary.

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12 DATED: April 11, 2012

13 Respectfully submitted,

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17 _____
18 MOLLY M. WHITE
19 J. CINDY ESON
20 Attorneys for Plaintiff
21 Securities and Exchange Commission
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**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/>) Securities and Exchange Commission	DEFENDANTS Shervin Neman, Neman Financial, Inc., and Cassandra C. Neman, Relief Defendant
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) Molly M. White, J. Cindy Eson Tel: 323-965-3998 Securities and Exchange Commission 5670 Wilshire Blvd., 11th Flr., Los Angeles, CA 90036	Attorneys (If Known) Andrew Friedman, Andrew Zimmitti Tel. 202-457-6000 Patton boggs LLP 2550 M St. NW Washington D.C. 20037

II. BASIS OF JURISDICTION (Place an X in one box only.) <input checked="" type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> <td style="width:40%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> </tr> <tr> <td>Citizen of This State</td> <td align="center"><input type="checkbox"/> 1</td> <td align="center"><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td align="center"><input type="checkbox"/> 4</td> <td align="center"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td align="center"><input type="checkbox"/> 2</td> <td align="center"><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td align="center"><input type="checkbox"/> 5</td> <td align="center"><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td align="center"><input type="checkbox"/> 3</td> <td align="center"><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td align="center"><input type="checkbox"/> 6</td> <td align="center"><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
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IV. ORIGIN (Place an X in one box only.)

1 Original Proceeding
 2 Removed from State Court
 3 Remanded from Appellate Court
 4 Reinstated or Reopened
 5 Transferred from another district (specify):
 6 Multi-District Litigation
 7 Appeal to District Judge from Magistrate Judge

V. REQUESTED IN COMPLAINT: JURY DEMAND: Yes No (Check 'Yes' only if demanded in complaint.)

CLASS ACTION under F.R.C.P. 23: Yes No MONEY DEMANDED IN COMPLAINT: \$ _____

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)

15 U.S.C. §§ 77q(a), 78;(b), 80b-6(1), 80b-6(2), 80b-6(4), 80b-4, 80b-3a; 17 C.F.R. §§ 240.10b-5, 275.206(4)-8(a)(1), 275.204-2(e)(1)

VII. NATURE OF SUIT (Place an X in one box only.)

OTHER STATUTES	CONTRACT	TORTS	TORTS	PRISONER PETITIONS	LABOR										
<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise <th style="background-color: #e0e0e0;">REAL PROPERTY</th> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	REAL PROPERTY	<th style="background-color: #e0e0e0;">PERSONAL INJURY</th> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <th style="background-color: #e0e0e0;">IMMIGRATION</th> <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	PERSONAL INJURY	IMMIGRATION	<th style="background-color: #e0e0e0;">PERSONAL PROPERTY</th> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability <th style="background-color: #e0e0e0;">BANKRUPTCY</th> <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <th style="background-color: #e0e0e0;">CIVIL RIGHTS</th> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PERSONAL PROPERTY	BANKRUPTCY	CIVIL RIGHTS	<input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <th style="background-color: #e0e0e0;">FORFEITURE / PENALTY</th> <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety /Health <input type="checkbox"/> 690 Other	FORFEITURE / PENALTY	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <th style="background-color: #e0e0e0;">PROPERTY RIGHTS</th> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <th style="background-color: #e0e0e0;">SOCIAL SECURITY</th> <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <th style="background-color: #e0e0e0;">FEDERAL TAX SUITS</th> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609	PROPERTY RIGHTS	SOCIAL SECURITY	FEDERAL TAX SUITS

CV12-03142

FOR OFFICE USE ONLY: Case Number: _____

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? No Yes
If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? No Yes
If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
 B. Call for determination of the same or substantially related or similar questions of law and fact; or
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.
 Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.
 Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles County	

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.
Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles County	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties
Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER):  Date April 11, 2012 ew

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))

MOLLY M. WHITE, Cal. Bar No. 171448
J. CINDY ESON, Cal. Bar No. 219782
SECURITIES AND EXCHANGE COMMISSION
5670 WILSHIRE BLVD. 11TH FLOOR
LOS ANGELES CA 90036

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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE COMMISSION

CASE NUMBER

PLAINTIFF(S)

CV12-03142 JHN (PLA x)

v.

SHERVIN NEMAN, NEMAN FINANCIAL INC.;
CASSANDRA C. NEMAN, Relief Defendant

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S):

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Molly M. White, whose address is Securities and Exchange Commission, 5670 Wilshire Blvd. #11, Los Angeles CA 90036. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

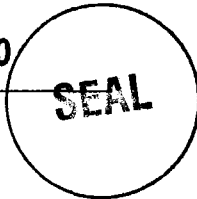
Clerk, U.S. District Court

APR 11 2012

Dated: _____

By: JULIE PRADO
Deputy Clerk

(Seal of the Court)



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[Use 60 days if the defendant is the United States or a United States agency, or an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Jacqueline Nguyen and the assigned discovery Magistrate Judge is Paul Abrams.

The case number on all documents filed with the Court should read as follows:

CV12 - 3142 JHN (PLA~~x~~)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

Western Division
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

Southern Division
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

Eastern Division
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.