

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5520/ June 12, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19826

In the Matter of

LOUIS NAVELLIER and
NAVELLIER & ASSOCIATES, INC.

Respondents.

ANSWER OF RESPONDENTS
LOUIS NAVELLIER and
NAVELLIER & ASSOCIATES, INC.
TO ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTIONS 203(e) AND
203(f) OF THE INVESTMENT
ADVISERS ACT OF 1940 AND NOTICE
OF HEARING

Without waiving the July 1, 2020 temporary stay order issued by the First Circuit Court of Appeals, but in light of no order yet by the hearing officer to stay the time for Respondents to answer,

Respondents Louis Navellier (“LN”) and Navellier & Associates, Inc. (“NAI”) (collectively “Respondents”) answer as follows:

Renewed Objections

The Commission, and the hearing officer has no jurisdiction over this matter. This case is subject to a pending enforcement case on appeal to the First Circuit Court of Appeals captioned *Securities and Exchange Commission v. Navellier & Associates, Inc. et al.* appeal case No. 20-1581.

Respondents do not consent to and believe the administrative law judge assigned to this case is not a properly constitutionally appointed judicial officer *Lucia v. SEC* 138 S. Ct. 2044, 2056 (2018).

The Commission is barred by the statute of limitations from seeking the “disgorgement” and injunctive or any other relief it seeks here since the predicate alleged acts occurred (if at all) more than five years before June 12, 2020. 28 U.S.C. §2462; *Kokesh v. SEC* 137 S. Ct. 1635, 1644 (2017); *Gabelli v. SEC* 568 U.S. 442, 454 (2013)

The Commission is barred from bringing this action by its selective enforcement in violation of Respondents’ right to equal protection rights under the United States Constitution.

With regard to the specific allegations in the Order Instituting Administrative Proceedings, Respondents, and each of them respond as follows:

I

It is not in the public interest that these proceedings be instituted against NAI or against LN. Neither of them violated the securities laws, including §206(1) or 206(2) of the Investment Advisers Act [15 U.S.C. §80b-6(1), (2)].

II

A.1. Respondents admit that from at least 2010 to the present each of them acted as investment advisers, but LN denies that he was the investment adviser to clients that retained NAI to provide them with investment advice using the Vireo AlphaSector Premium or Vireo AlphaSector Allocator strategies, or any other Vireo strategies.

A.2. Respondents admit that from NAI's founding to the present, Mr. Navellier was its Chief Investment Officer and Chief Executive Officer but deny that he was the investment adviser or performed investment advisory services for any clients using the Vireo AlphaSector Premium or Vireo AlphaSector Allocator strategies. Respondents admit Mr. Navellier owned at least 75% of NAI and increased his NAI ownership to 100% after September 30, 2013. Mr. Navellier admits he is 62 years old and resides in Manalapan, Florida and that he and his wife have a second home in Reno, Nevada.

A.3. Admit

B. ENTRY OF INJUNCTIONS

B.4. Respondents admit that a "Final Judgment" in *SEC v. Navellier & Associates, Inc.* case No. 17-cv-11633-DJC was entered against them purporting to enjoin them from future violations of Sections 206(1) and 206(2) of the Advisers Act, but deny that the "Final Judgment" was correct and assert it was an erroneous judgment not based on fact. Respondents further deny that either of them violated §§206(1) or 206(2) of the Advisers Act.

Respondents admit that the “Final Judgment” orders Respondents jointly and severally to pay disgorgement of \$28,965,571 (which amount includes \$6,513,619 in prejudgment interest, and a civil penalty of \$2 million against NAI and a civil penalty of \$500,000 against LN, but Respondents deny that there is any basis for disgorgement of any amount because neither Respondent violated §§206(1) or 206(2). In light of *Liu v. SEC* 500 U.S. ____ (2020) there is no joint liability. Neither Respondent defrauded or misled any clients, or prospective clients, Mr. Navellier made no statements in any Vireo marketing or otherwise about the Vireo AlphaSector Premium or Vireo AlphaSector Allocator strategies, NAI made no false or misleading statements, neither Respondent knew the statements in NAI’s Vireo marketing materials was false, because they weren’t false, and neither Respondent acted with scienter, i.e., neither intended to defraud or deceive any client or prospective client and clients and prospective clients were not defrauded or misled. To the contrary, they received exactly the type of Vireo AlphaSector strategy investment advice they were promised and those clients received a return of all their investments plus a return of over \$278 million in profits as a result of NAI’s investment advice.

There is no legal or factual basis for the \$28,964,571 disgorgement award in the final judgment, especially in light of the United States Supreme Court holding in *Liu v. SEC* 500 U.S. ____ (2020) which was issued on June 22, 2020, i.e., after the District Court issued its erroneous Final Judgment disgorgement award (and after the Commission filed their Administrative Proceedings) which limits “disgorgement” to individual liability, not joint and several liability to an equitable remedy of a return to “victims” (clients) of only the defendants’ “ill-gotten” gains-not the defendants’ legitimately earned gains, and only for ill-gotten gains directly received for conduct which violated laws, and as to those “ill-gotten” gains, limited to only the net profits,

equitably accounted for, after deduction of actual expenses incurred and amounts paid to the “victims”. Applying the correct law on disgorgement as set forth in *Liu*, there is no “disgorgement” because Respondents did not receive any “ill-gotten” gains. NAI’s clients were not defrauded and Respondents did not receive any gains as a result of any violations of 206(1) or 206(2), Respondents earned all of their advisory fees and goodwill proceeds. The clients received \$278 million in profits, so there is nothing to disgorge to them, especially after a proper equitable restitution/recission accounting for “net profits” (after deductions of expenses and credit for returns, including return of principle, fees and profits).

Since there were no violations and there is no disgorgement or prejudgment interest thereon, there should be no civil penalties.

B.5. Respondents deny all allegations asserted in the Commission’s complaint and deny that any of those allegations are true; the allegations are false.

B.6. The February 13, 2020 Order says what it says, (it says there were false or fraudulent statements, not “misleading” statements) and the SEC summary judgment motion argued (but didn’t prove) that the statements were false. Respondents deny that the District Court’s statements in its Order are true, they are not, and deny that the District Court’s holdings are correct, they are not. Respondents deny that there were false or misleading statements in NAI’s marketing, deny they knew there were misleading statements in NAI’s marketing materials (Mr. Navellier made no statements in Vireo marketing materials), deny that there had been inadequate due diligence, deny they failed to inform their clients of any inadequate due diligence or fraud because there was no inadequate due diligence about which to inform clients. Respondents deny they continued to sell Vireo AlphaSector investment strategies (neither NAI or Mr. Navellier sold Vireo AlphaSector strategies to clients) knowing the representations about the strategies

were false and misleading because the representations were not false and misleading and therefore Respondents did not know the representations were false and misleading because they weren't. The District Court order says what it says about scienter (actually extreme recklessness) but there was no factual or legal basis for the District Court's conclusions and the District Court's conclusions were wrong and unfounded. The Commission presented no admissible evidence that the statements were false and misleading, and they weren't- the statements, as shown by the evidence, were true.

III

Respondents assert that it is not necessary or appropriate or in the public interest that public administrative proceeding be instituted against Respondents because they did not commit the violations asserted by the Commission. In fact, this entire Administrative Proceeding is meritless and has been brought in bad faith and for improper purpose by the Commission to punish Respondents for not agreeing to rescind the settlement agreement they entered into with the Commission after the Commission breached the settlement agreement and demanded different terms than had been agreed to previously.

III.A. Deny that the allegations in Section II are true, admit Respondents should have an opportunity to establish the allegations are meritless and to establish their defenses, but this entire Administrative Proceeding should be dismissed for lack of jurisdiction, invalidity of the Final Judgment, stay pending the Appeal of said Final Judgment and the hearing officer's lack of authority to hear or determine the case *Lucia v. SEC* supra and the lack of any right to disgorgement, prejudgment interest and/or civil penalties

III.B. Deny that any “remedial actions” are appropriate or in the public interest and assert that it is in the public interest for Mr. Navellier to continue to be registered and to act as an investment adviser.

III.C. Deny that any “remedial actions” are appropriate or in the public interest and assert that it is in the public interest for NAI to continue to be registered and to act as an investment adviser.

IV

IV First Paragraph, if jurisdiction is proper for this Administrative Proceeding (Respondents deny that it is) then Respondents admit and agree with the first paragraph of IV.

IV Second Paragraph, deny that Respondents should file answers within 20 days of service in light of the First Circuit’s order temporarily staying these proceedings and the Commission agreement that Respondents’ time to answer is temporarily stayed.

IV Third Paragraph, subject to lack of jurisdiction objections, admit to proceedings set forth in this paragraph

IV Fourth Paragraph, deny as speculative and therefore objected, to for lack of jurisdiction as to these proceedings.

IV Fifth Paragraph, admit.

IV Sixth Paragraph, admit.

IV Seventh Paragraph, deny all allegations in said paragraph, i.e., this proceeding is not in the public interest and will result in prejudice to Respondents.

IV Eighth Paragraph, deny that jurisdiction is proper here, but admit if the proceeding goes forward or is not stayed pending a decision on the appeal in the First Circuit, that a written decision should be issued based on the record in these proceedings.

IV Ninth Paragraph, deny.

IV Tenth Paragraph, admit.

Affirmative Defenses

Respondents assert the following separate and additional defenses, all of which are pleaded in the alternative, and none of which constitutes an admission with respect to any of the allegations of the Order or an admission that the SEC is entitled to any relief whatsoever. By designating the following affirmative defenses, Respondents do not in any way waive or limit any defenses which are or may be raised by their denials and averments set forth herein.

1. The Order fails to state a claim upon which relief may be granted and should be dismissed.
2. The SEC's claims are barred, in whole or in part, because, at all times mentioned in the Order and with respect to all matters referenced therein, Respondents acted in good faith, and did not know, and in the exercise of reasonable care could not have known, of any alleged misstatements or omissions referenced in the Order **if there were any misstatements or false statements, they were the result of NAI and its employees being the victims of F-Squared's and its employees' "fraud" and misstatements which Respondents did not know and did not reasonably believe**

to be untrue or incorrect, i.e., Respondents were not the perpetrators of any false statements.

3. The SEC's claims are barred, in whole or in part because, at all times mentioned in the Order and with respect to all matters referenced therein, any and all actions taken by Respondents were proper and consistent with their duties and obligations.
4. The SEC's claims are barred, in whole or in part, by the applicable statutes of limitations or repose **and/or by laches.**
5. The SEC's claims are barred, in whole or in part, to the extent that those claims seek to impose on Respondents any duties or obligation that are inconsistent with those imposed pursuant to law **and in seeking to impose liability for which no law, valid or applicable rules or regulations exist and under Investment Advisers Act §206(1) and (2) thereunder which are unconstitutionally vague, particularly in light of "no action" letters such as the SEC's Clover letter, which allows investment advisers to publish hypothetical (back tested) performance and due to the SEC's refusal to clearly explain when and how hypothetical or back tested performance can be published and what disclosures (if any) need to be made to make it not misleading.**
6. The SEC's claims are barred, in whole or in part, because the alleged misrepresentations or omissions and any allegedly false or misleading statements were not "material" to a reasonable investor in light of the totality of the circumstances.

7. The SEC's claims are barred, in whole or in part, on the grounds that Respondents did not act at any time with scienter or intent to deceive, manipulate, or defraud investors or anyone else.
8. The SEC's claims are barred, in whole or in part, because Respondents had no reasonable ground to believe, and did not believe, that the statements referenced in the Order were untrue or contained any material omission.
9. The SEC's claims are barred, in whole or in part, because any alleged misrepresentations or allegedly false or misleading statements or omissions referenced in the Order were based on information supplied by other sources, which information Respondents reasonably believed to be true.
10. The SEC's claims are barred, in whole or in part, because material information alleged to have been omitted was in fact adequately disclosed to and/or otherwise known to investors.
11. The SEC's claims for injunctive relief are barred; the five year statute of limitations 28 U.S.C. §2462 and are further barred in whole or in part, because the SEC has an adequate remedy at law, the SEC has not satisfied the prerequisites for injunctive relief, and there is no likelihood that Respondents will commit any future violation of the securities laws.
12. Respondents are not liable for any statements not made by them.
13. **Respondents' actions were not negligent and did not fall below the standard of care for persons in like circumstances. Respondents were the victims of alleged fraud and misrepresentations by F-Squared.**

14. The Commission has engaged in selective enforcement by bringing this action and these claims against Respondents and each of them and all claims asserted by the SEC herein should be dismissed as violating Respondents' constitutional rights to equal protection of the law and to not be treated (have an enforcement action brought against them) differently or more harshly than those similarly situated to NAI and to Mr. Navellier including, but not limited to, Wells Fargo Advisors, Trent Donat, Patti Loepker, and relevant Wells Fargo Advisors' compliance officers and investment advisors and brokers at Wells Fargo Advisors who reviewed and advised their clients to have their investments managed or jointly managed under wrap fee or dual contract agreements by Vireo, NAI, or F-Squared or Wells Fargo Advisors, or Beaumont or others using the same F-Squared derived AlphaSector marketing materials, all of which contained the same F-Squared 2001-2008 AlphaSector "performance figures", "live money" or "live assets" or "not back tested" statements. They were not enforced against by the SEC or in the same way the SEC has sought to enforce against NAI and Mr. Navellier. The SEC has selectively enforced against Respondents, i.e., the SEC has not enforced against or sought to enforce against the following and other, investment advisors and individual investment advisors and their executive, or control persons or sought the same remedies, such as a lifetime ban or any bar from being an investment advisor against others, but not limited to, entities even though they made the same allegedly false or misleading "2001-2008 AlphaSector performance" and "live money" and "not back tested" representations in their marketing materials to investors or potential investors

that the SEC claims here Respondents made and which representations the SEC claims violated §206(1) and (2) or the Investment Advisers Act. The SEC has not sought to ban any of the following persons or entities or others for these alleged frauds (except Howard Present who allegedly created and perpetrated the alleged AlphaSector fraud). The SEC has only sought to enforce with a ban from being an investment advisor or affiliated with an investment adviser against Respondents who did the same or less than the following investment advisers against whom the SEC has not sought enforcement against the “class of one” (NAI and Mr. Navellier) has no rational basis and there is no valid reason for the SEC to seek to ban Respondents from being investment advisers for allegedly doing the same or less allegedly violative acts in connection with advertising AlphaSector performance history than the following investment advisers. In the alternative, the SEC is selectively enforcing against Respondents by bringing this action and seeking to ban Respondents from being investment advisers while failing or refusing to seek an enforcement or the same enforcement against the persons and entities identified below who are similarly situated and who allegedly committed the same alleged §206 violations that Respondents allegedly committed because the Respondents exercised their constitutional right to petition the courts to defend against the SEC’s unfounded claims (of alleged Investment Advisers Act §206 violations). Thus, when NAI declined the SEC’s “revised” settlement offer to resolve the alleged §206 violations (NAI had accepted the SEC’s settlement offer and had a settlement with the SEC) but after NAI accepted it the SEC demanded a change in the settlement agreement

and demanded a new settlement agreement with censure and “willful” terms) the SEC brought the civil action and this administrative proceeding to punish NAI and to punish and coerce Mr. Navellier (with the SEC’s new threat and action seeking to ban Mr. Navellier from being an investment adviser) for not agreeing, initially, to change their existing settlement agreement and for exercising their constitutional right to petition (defend themselves) for redress in the courts. The SEC has continued its selective enforcement by continuing to pursue the civil litigation and this administrative proceeding even after Respondents agreed to a new settlement on better terms than the SEC had previously agreed to on May 30, 2017. Thus, the SEC breached its settlement agreement and thereafter is refusing to agree to “settle” to its own settlement terms. The SEC is selectively continuing to pursue the civil case and this administrative proceeding to ban Respondents from being investment advisers to punish them for refusing to modify their existing settlement agreement and for having exercised their constitutional right to petition the courts for redress. This selective enforcement administrative proceeding (and the civil case) should be dismissed because it violates Respondents’ rights to equal protection of the laws. The persons and entities who are similarly situated (who allegedly committed the same alleged acts and omissions by publishing the same allegedly “false” AlphaSector statements as Respondents are believed to include, but are not limited to:

5T WEALTH MANAGEMENT, LLC
ALSCOTT INVESTMENTS
AMERIPRISE FINANCIAL SERVICES, INC
AMN INVESTMENTS
ANONYMOUS
ANDERSON FISHER LLC
ARGENTUS PARTNERS, LLC (FORMERLY SUMMIT ALLIANCE)
AWAS
AYLWARD, GEORGE (VIRTUS INVESTMENT PARTNERS)
BANYAN PARTNERS
BATCHELAR, PETER (VIRTUS INVESTMENT PARTNERS)
BEAUMONT FINANCIAL PARTNERS, LLC
BLUEPOINTE CAPITAL MANAGEMENT
BOSTON FINANCIAL MANAGEMENT
BRENDEL & FISHER WEALTH MANAGEMENT
BROOKSTONE CAPITAL MANAGEMENT, LLC
BROWN, KARA (F-SQUARED INVESTMENTS)
CAHILL, PAUL (VIRTUS INVESTMENTS)
CALDWELL TRUST COMPANY
CALLAN ASSOCIATES, INC.
CALTON & ASSOCIATES, INC.
CAMBRIDGE ASSOCIATES, LLC
CANTELLA & CO.
CANTELLA/CORNERSTONE INVESTMENT SERVICES, LLC
CAPITALROCK INVESTMENTS, LLC
CAPOBIANCO, MICHAEL (MORTON WEALTH ADVISORS)
CARSON WEALTH MANAGEMENT GROUP, LLC
CERUTTI, JEFFREY (VIRTUS INVESTMENT PARTNERS)
CFS INVESTMENT ADVISORY SERVICES
CHARLES CARROLL FINANCIAL PARTNERS, LLC
CHOATE HALL & STEWART
COMMONWEALTH FINANCIAL NETWORK
CONCERT WEALTH MANAGEMNT

CONGRESS WEALTH MANAGEMENT
COPELAND CAPITAL
CRICO (CONTROLLED RISK INSURANCE COMPANY)
DA DAVIDSON
DAGAN, LAURA (F-SQUARED INVESTMENTS)
NEWFOUND RESEARCH, LLC
DESKAVICH, DEBORAH (F-SQUARED INVESTMENTS)
EDGE PORTFOLIO
EMPERICAL ASSET MANAGEMENT
ENVESTNET, INC.
ESSEX FINANCIAL SERVICES
EVESTMENT ALLIANCE LLC
F-SQUARED
FAMILY ENDOWMENT PARTNERS
FERNWOOD INVESTMENT MANAGEMENT, LLC
FIDELITY BORKERAGE SERVICES
FINANCIAL TELESIS, INC.
FIRST SOUTHWEST
FIRST TRUST PORTFOLIOS LP
FISHMAN, MITCHELL (F-SQUARED INVESTMENTS)
FISHMAN, VADIM (F-SQUARED INVESTMENTS)
FOLIO RESEARCH, LLC
FOLIODYNAMIX
FOLIOMETRIX, LLC
F-SQUARED INVESTMENTS
FULCRUM EQUITY MANAGEMENT, LLC
GENWORTH FINANCIAL WEALTH MANAGEMENT, INC.
GLOBAL FINANCIAL PRIVATE CAPITAL
HAGGERTY, BRIAN (VIRTUS INVESTMENT PARTNERS)
HARBOR FINANCIAL SERVICES
HASENBERG, CHRISTOPHER
HORTER INVESTMENT MANAGEMENT, LLC
HT PARTNERS
HUNTINGTON ASSET ADVISORS LIT
INFORMA INVESTMENT SOLUTIONS
IRON GATE PARTNERS, INC.
INSTITUTE FOR WEALTH MANAGEMENT
JUAN, VARGAS (F-SQUARED INVESTMENT MANAGEMENT)
KAYNE ANDERSON RUDNICK INVESTMENT MANAGEMENT
KLEOSSUM ADVISORS
KMS FINANCIAL SERVICES, INC.
LCG ASSOCIATES, INC.
LEONARD AND COMPANY
LM KOHN AND CO.
LPL FINANCIAL, LLC

LADENBURG THALMANN ASSET MANAGEMENT
LUDEMAN CAPITAL MANAGEMENT, INC.
M3 ADVISORY GROUP
MACRO CONSULTING
MARSH & MCLENNAN COMPANIES
MAYO CAPITAL
MCCLELLAND, GEORGE (F-SQUARED INVESTMENTS)
MCCORMACK, JOHN (VIRTUS INVESTMENT PARTNERS)
MEYER CAPITAL GROUP
MINDSHIFT TECHNOLOGIES LIT
MORNINGSTAR, INC.
MORTON, DAVID JAY
MORTON WEALTH ADVISORS
MORTON WEALTH ADVISORS (LITIGATION PRODUCTION)
MORTON WEALTH ADVISORS (PRIV LOG LITIGATION)
MV CAPITAL MANAGEMENT
MV CAPITAL MANAGEMENT (PRIV LOG)
NASDAQ OMX GROUP
NASDAQ OMX GROUP (PRIV LOG)
NATIXIS GLOBAL (LITIGATION PRODUCTION)
NAVELLIER & ASSOCIATES, INC.
NAVELLIER (PRIV LOG)
NELSON, JOHN (F-SQUARED INVESTMENTS)
NEWBURG CAPITAL (LITIGATION PRODUCTION)
NEWFOUND RESEARCH, LLC (LITIGATION PRODUCTION)
NEWFOUND RESEARCH, LLC
NEWFOUND RESEARCH, LLC (PRIV LOG)
SCHUSTER INTERVIEW NOTES
ONYX WEALTH ADVISORS
VIRTUS INVESTMENT PARTNERS (OTHER PARTY PRODUCTION)
PARAMETRIC
PLACEMARK INVESTMENT SERVICES, INC.
PLACEMARK INVESTMENT SERVICES (PRIV LOG)
PLANNING GROUP
PLATINUM WEALTH PARTNERS
PRESENT, HOWARD
PRESENT, HOWARD (LITIGATION PRODUCTION)
PROBITY ADVISORS, INC.
PROEQUITIES
PROSPERA FINANCIAL
PRICEWATERHOUSECOOPERS, LLP
QUADCAP WEALTH MANAGEMENT
RAYMOND JAMES FINANCIAL SERVICES
RAYMOND JAMES (LITIGATION PRODUCTION)
RBC

REDHAWK WEALTH ADVISORS
RESOURCE HORIZONS GROUP
RICCI, STEPHEN
RISK PARDIGM GROUP, LLC
ROYAL WEALTH MANAGEMENT GROUP
SANTANGELO, RON
CHARLES ALBERS (INSTITUTIONAL INVESTOR ADVISERS)
SCOTT ANTRITT (IIA)
CHRISTIAN BEKMESSIAN (MACRO CONSULTING GROUP (“MCG”))
ROLAND CALDWELL (IIA)
GEORGE CHUANG (AEGON)
MARK CORTAZZO (MCG)
DOUGLAS DESMOND (MCG)
SAM ELAM (MCG)
STEPHEN ESPOSITIO (MCG)
TRACEY EVANS (AEGON)
MARK GIOVANNIELLO (COPELAND CAPITAL MANAGEMENT)
CAROL GUMBELEVICIUS (MCG)
MARC HANSON (IIA)
KIRK HORTER (HORTER CAPITAL MANAGEMENT)
MICHAEL JASTROW (AMERIPRISE) (F-2 LITIGATION PRODUCTION)
BRIAN KLIMKE (AEGON) (F-2 LITIGATION PRODUCTION)
ADELE LENNIG (AMERIPRISE)
BYRON MAGRUDER (AEGON)
MICHELLE MIELE (CANTELLA) (F-2 LITIGATION PRODUCTION)
CHRISTOPHER MORTARA (CANTELLA) (F-2 LITIGATION PRODUCTION)
THOMAS MOYER (MCG) (F-2 LITIGATION PRODUCTION)
LOUIS NAVELLIER (NAVELLIER) (F-2 LITIGATION PRODUCTION)
PETER NICOLAS (NAVELLIER) (F-2 LITIGATION PRODUCTION)
SCOTT NISHIMURA (AEGON) (F-2 LITIGATION PRODUCTION)
SONIA TORRICO NOTES RE: MCG (F-2 LITIGATION PRODUCTION)
BRUCE PALMA (AMERIPRISE) (F-2 LITIGATION PRODUCTION)
CHRISTINE PEDERSON (AMERIPRISE) (F-2 LITIGATION PRODUCTION)
GERALD PULVERMACHER (MCG) (F-2 LITIGATION PRODUCTION)
JOHN RANFT (NAVELLIER) (F-2 LITIGATION PRODUCTION)
ESITA RASLOVA (MCG) (F-2 LITIGATION PRODUCTION)
GARY RIBE (MCG) (F-2 LITIGATION PRODUCTION)
JOHN RILEY (CANTELLA) (F-2 LITIGATION PRODUCTION)
JOHN SOUZA (AEGON) (F-2 LITIGATION PRODUCTION)
STEPHEN STRAW (AEGON) (F-2 LITIGATION PRODUCTION)
HENRY THACKER JR (IIA) (F-2 LITIGATION PRODUCTION)
SUZANNE THACKER (IIA) (F-2 LITIGATION PRODUCTION)
ROBERT THOMPSON (IIA) (F-2 LITIGATION PRODUCTION)
TIMOTHY VIDENKA (IIA) (F-2 LITIGATION PRODUCTION)
SHERYL VIEIRA (IIA) (F-2 LITIGATION PRODUCTION)

SUE WALTMAN (AMERIPRISE) (F-2 LITIGATION PRODUCTION)
MICHAEL WICKRE (AMERIPRISE) (F-2 LITIGATION PRODUCTION)
MARCIA WILLIAMS (IIA) (F-2 LITIGATION PRODUCTION)
WITNESSES – NOTES COMPILATION (F-2 LITIGATION PRODUCTION)
JAMES WOODS (IIA) (F-2 LITIGATION PRODUCTION)
SECKEL CAPITAL ADVISORS, LLC
SEWARD KISSEL (F-2 LITIGATION PRODUCTION)
SHAMROCK ASSET MANAGEMENT
SHEPHERD KAPLAN LLC
SHEPHERD KAPLAN (PRIV LOG)
SIEGFIEDT, SHARON
SIMPSON THACHER
SIMPSON THACHER BARTLETT
SMARTLEAF, INC.
SOWELL MANAGEMENT SERVICES (SOWELL FINANCIAL SERVICES, LLC)
SPIRE WEALTH MANAGEMENT, LLC
STIFEL
STRATEGIC WEALTH PARTNERS (F-2 LITIGATION PRODUCTION)
STRUCTURED INVESTMENT MANAGEMENT, INC.
SUMMIT ALLIANCE COMPANIES (NOW KNOWN AS ARGENTUS PARTNERS, LLC)
TFGA (ONYX WEALTH ADVISORS)
TOMNEY, RICHARD (F-SQUARED)
TPW FINANCIAL
TRIMARC WEALTH MANAGEMENT
UNITED CAPITAL FINANCIAL ADVISERS, LLC
UNIVERSITY OF MASSACHUSETTS FOUNDATION
UNIVERSITY OF MASSACHUSETTS FOUNDATION (F-2 LITIGATION PRODUCTION)
US WEALTH MANAGEMENT
VARGAS, JUAN (F-SQUARED)
VARGAS, JUAN (F-2 LITIGATION PRODUCTION)
VERIZON
VIRTUS
VIRTUS INDEPENDENT TRUSTEES
VIRTUS INDEPENDENT TRUSTEES (PRIV LOG)
VIRTUS (PRIV LOG)
VOLT WEALTH MANAGEMENT
WALTMAN, FRANK (VIRTUS INVESTMENT PARTNERS)
WELLS FARGO ADVISORS
WELLSPRING INVESTMENT MANAGEMENT LLC
WILSHIRE ASSOCIATES INCORPORATED
WINSLOW EVANS & CROCKER
WOOD & WHITE
WRAPMANAGER, INC

Such acts by the SEC in seeking and then pursuing and continuing to only pursue Respondents in this manner and not seeking the same enforcement against the foregoing investment advisory firms (and others) similarly situated constitutes selective enforcement, which violates Respondents' constitutional rights to equal protection of the law and therefore all claims asserted by the SEC against NAI and against Mr. Navellier should be dismissed.

15. Respondents did not receive unjust enrichment or "ill-gotten" gains (especially after offset of benefits conferred to clients) and are not liable for "disgorgement" which must be determined pursuant to *Liu v. SEC* with all expenses and returns factored in when making an equitable accounting of disgorgement/restituting rescission. Plaintiff has failed to join indispensable parties including, but not limited to, Wells Fargo Advisors and other investment advisers listed in the fourteenth affirmative defense.
16. Respondents presently lack knowledge or information sufficient to form a belief as to whether there may be other, as yet unstated, defenses available to them, and therefore expressly: (1) reserve the right to amend or supplement their Answer, defenses, and all other pleadings; and (2) reserve the right to assert any and all additional defenses under any applicable law in the event that discovery indicates such defenses would be appropriate.

WHEREFORE, Respondents pray for judgment as follows:

1. That the Order be dismissed with prejudice and that the relief sought by Commission be denied in its entirety;

2. That the Commission enter judgment in favor of Respondents;
3. That the Commission order an award of attorney's fees and other expenses in favor of Respondents, and
4. For such other and further relief as the Commission deem just and proper.

Respectfully submitted,

DATED: July 2, 2020

LAW OFFICES OF SAMUEL KORNHAUSER

By: 

Samuel Kornhauser, Esq.

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Attorney for Respondents

CERTIFICATE OF SERVICE

I hereby certify that this Answer was served by email to Marc Jones-
JonesMarc@SEC.gov on this, July 2, 2020 to:

July 2, 2020

By: /s/ Dan Cowan
Dan Cowan